ANNUAL REPORT 2018

CP ALL PUBLIC COMPANY LIMITED

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

GIVING AND SHARING OPPORTUNITIES

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CP ALL is committed to innovating and sharing opportunities for all
We are prepared to turn every dream into reality
Together we can learn and transform these dreams into lasting achievements

For all to attain happiness with the opportunities in their hands
Because we believe that sharing is an opportunity:
An opportunity for us to build good and capable individuals,
An opportunity for us to learn and develop,
An opportunity for us to contribute to job creation,
And an opportunity for us to create value for Thai society.

We are driving towards the fulfillment of our corporate philosophy:
“Through happy employees, we desire to see smiles from customers.”

CP ALL

Giving and Sharing Opportunities

Summary of Financial Information

For Fiscal Years Ending December 31,

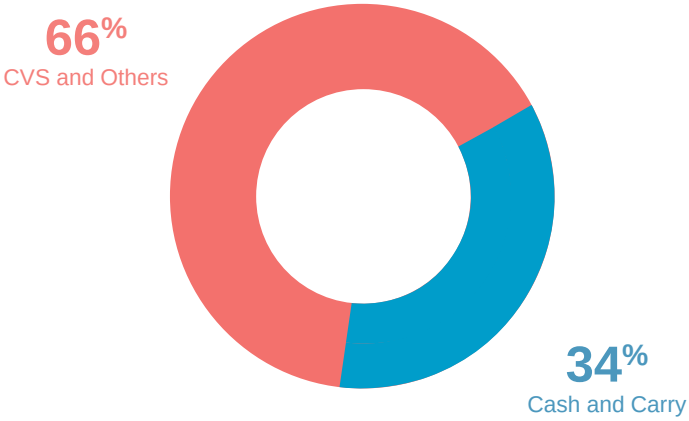
CP ALL Public Company Limited and Its Subsidiaries

	2016	2017	2018
Consolidated Financial Information			(Million Baht)
Net Sales and Services Income	434,712	471,069	**508,552**
Total Revenues	451,939	489,403	**527,860**
Net Profit	16,677	19,908	**20,930**
Net Cash Provided by Operating Activities	37,939	46,156	**41,227**
Total Assets	352,268	360,299	**373,742**
Total Liabilities	292,665	280,070	**273,923**
Total Equity	59,603	80,229	**99,819**
Share Information			(Baht)
Book Value per Share	6.64	8.93	**11.11**
Earnings per Share	1.85	2.14	**2.22**
Dividend per Share	1.00	1.10	**1.20**
Financial Ratios			(Percentage)
Gross Margin (Sales and Services)	21.9	22.3	**22.3**
EBIT Margin	6.3	6.4	**6.1**
Net Profit Margin	3.7	4.1	**4.0**
Net Debt to EBITDA (times)	4.16	3.31	**2.76**
Return on Total Assets	4.9	5.6	**5.7**

Revenue and Earnings Before Tax

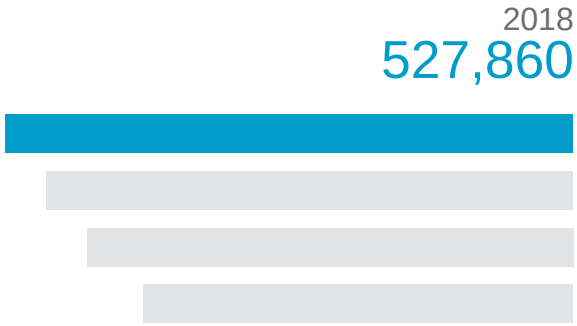
Based on Business Segments[1]

Revenue Contribution[1]

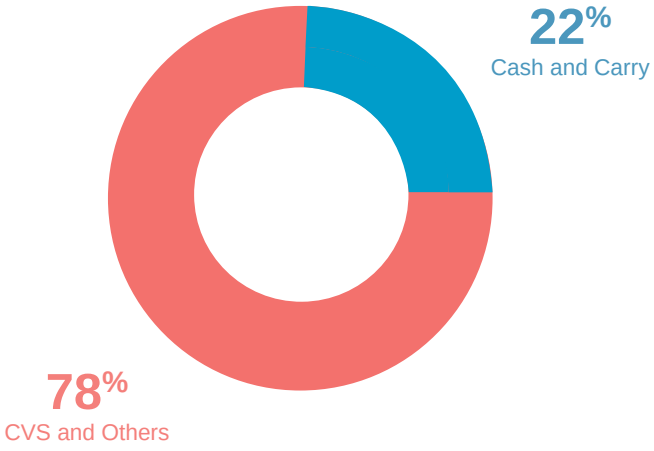


Total Revenue

(Million Baht)

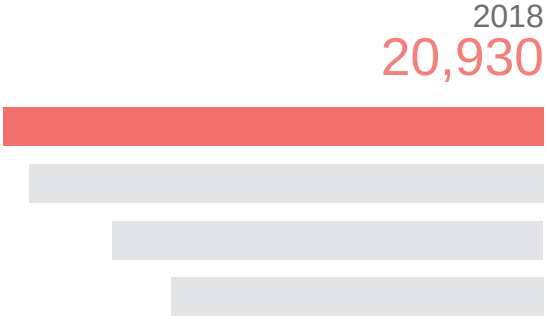


Earnings Before Tax Contribution[1]



Net Profit

(Million Baht)



1 Revenue and earnings before tax before elimination

OPPORTUNITIES

Creating Ethical People, Establishing Strong Economy and Building the Nation

CP ALL conducts its business with good corporate governance, transparency, equitable treatment, equal rights, respecting partners and competitors, and working professionally under rules and regulations.

We are ready to support related business, either big, medium or small, to grow firmly as a part to drive Thailand's sustainable economy.

Brother Ming-Mr. Boonmee Boonyingsathit, Thailand's first legendary store business partner of 7-Eleven store, has been proud to make a right decision joining 7-Eleven 27 years ago.
With good management system and strong support from team, Brother Ming has expanded to five 7-Eleven stores, ready to hand over this heritage to his next generation.

OPPORTUNITIES

Creating Smiles, Bringing about the Happiness

CP ALL, caring for good health of consumers at every level of age and gender, delivers clean, safe and nutritional food, with good quality, standard, and traceability.

Basic tasty foods, with variety of choices and reasonable price, are available at 7-Eleven, the convenient food store, ready to makes you smile.

Hom Thong Banana from Tha Yang Agriculture Cooperative, Phetchaburi Province, travels from farm to stores, through many processes for food safety, starting from organic farming to single piece packaging. Not only convenience for consumers, available at 7-Eleven, fixed income is generated for farmers.

OPPORTUNITIES

Creating Innovation, and Making a Dream Come True

CP ALL is Thailand's one and only company amongst 100 World's Most Innovative Companies, we keep promoting creative ideas, developing innovation,

and sharing our experience and knowledge to small enterprises who have big dreams, from upstream farmers to local and nation-wide SMEs, providing them with opportunities to reach customers throughout the country.

"Baan Makham" products owned by **Mr. Niwat-Mrs. Patcharee Kowongprasert,** with advices on marketing, product and packaging development, are transformed from basic agricultural processed products, into attractive tamarind snacks, potentially and sustainably growing hand in hand with 7-Eleven to expand nation-wide.

Message from the Chairman and Chairman of Executive Committee

Dhanin Chearavanont
Chairman

Korsak Chairasmisak
Chairman of Executive Committee

The year 2018 was a challenging one for CP ALL Public Company Limited. Despite the sustained growth of the Thai retail sector in line with the country's macroeconomic expansion, we must come to terms with the fact that the rapid technological advancements of this age reflect on a much greater role and influence of technology over the daily lives of consumers. This can be evidenced from consumers' growing preferences for online shopping, cashless payments, or the demand for services that facilitate speed and convenience. The Company, as a retailer and leader in the convenience store business, fully recognizes these changes and is ready to respond to them through our customer centric approach. We have therefore carried forth our unrelenting drive to research and develop products and services, as well as sales channels and service formats, that can respond to the needs and expectations of consumers in the digital era.

Although the market and rules for competition have changed rapidly, throughout our 30 years in the retail business, the Company has stead fastly upheld our commitment to providing convenient services to all communities, always in keeping with our corporate philosophy, "Through happy employees, we desire to see smiles from customers." This has contributed to our success in building up positive engagements with our customers, and is part of our commitment to delivering the highest benefits for all stakeholder groups, across all dimensions, to ultimately become a sustainable organization under our objective of "Giving and Sharing Opportunities." A clear example of this is in how the Company offers support and consultations to farmers and small and medium-sized enterprise (SMEs) owners on developing quality, up-to-standard products, and provides channels for SMEs to sell their products to consumers across the nation through our 7-Eleven convenience stores and online commerce platforms. This has not only created added value for community goods and agricultural produce, but also provides farmers with income and improved livelihoods. Meanwhile, SME owners are also able to continue growing as a result of their increased business capacity.

Our continued efforts to become an organization based on an "Innovation Culture," reflected by our clearly established targets and guidelines for promoting innovation, and our focus on developing plans to create sustainable value for the business, builds confidence for investors and enables the Company to compete in the market with satisfying performance results. Not only that, our determination to operating on the principles of good governance, ethics, concern for the rights and benefits of stakeholders and society; to reducing our environmental impacts according to sustainable development guidelines, and our ability to adapt in the midst of changing elements – all of this has resulted in CPALL becoming the only Thai company in the Food & Staples Retailing Industry Sector to be selected as a member of the Dow Jones Sustainability Indices (DJSI) World Index for the first year, and as a member of the Emerging Markets Index for the second consecutive year (2017-2018). Similarly, the

Although the market and rules for competition have changed rapidly, throughout our 30 years in the retail business, the Company has stead fastly upheld our commitment to providing convenient services to all communities, always in keeping with our corporate philosophy, "Through happy employees, we desire to see smiles from customers."

Company was selected as a constituent of the ""FTSE4Good Emerging Index" and "FTSE4Good ASEAN 5 Index," which are both sources of pride for the Company.

In 2018, our 7-Eleven convenience store business expanded by another 720 stores, bringing the total number of stores to 10,988, in line with our target. The convenience store business also succeeded in generating higher sales volumes by continuing to offer products that directly respond to customers' needs. In addition, the Company focused on improving and enhancing store management, which involved renovating stores for greater convenience and to create positive experiences for our customers, as well as redesigning for technology disruption, for instance by integrating an 'Omni-Channel' format into business operations. This format combines the strengths of both our offline and online services by making it easier for customers to order products online, andthen choose to pick up the products at the 7-Eleven store of their choice. Additionally, we created more business opportunities through the launch of the 'Speed-D' delivery service, which leverages the strengths of our product warehouse and extensive branch network distributed across the entire country to offer pick-up and delivery services for packages from 7-Eleven stores during all 24 hours. The Company further developed a digital payment system to facilitate purchases, which aligns with Thailand's national policy to become a 'Cashless Society,' and applied retail technology to the development of a pilot 'Digital Store' that offers new service experiences for consumers in the 4.0 era. Meanwhile, Siam Makro Public Company Limited, a subsidiary of CPALL, expanded its business to India, the second international destination following the opening of the first wholesale Makro Cash & Carry store in Phnom Pen, Cambodia. Through all of this, Siam Makro Group will continue to research and identify opportunities to grow their investments, while maintaining a positive growth rate. As of the end of 2018, Makro had a total number of 129 stores in Thailand, and opened 3 stores overseas - 1 in Cambodia, and 2 in India.

As for the Company's performance in 2018, the total revenue for the Company and our subsidiaries totaled baht 527,860 million, with a net profit of baht 20,930 million. At the same time, the Company is committed to maintaining financial stability and a positive financial status to ensure business security and stability.

On behalf of the Board of Directors and Executive Committee, we would like to express our sincerest thanks to our customers, shareholders, business partners and patrons for your trust and unwavering support. Importantly, we would like to thank the management and all employees for their combined determination and for working with clear objectives to move the Company forward without hesitation, and without limits. It is our hope that all of you will be the guiding force for the Company's journey towards sustainability, ready to "Give and Share Opportunities" to sustainably enhance the livelihoods of all stakeholders, across our entire value chain.

Board of Directors

Mr. Padoong Techasarintr

Chairman of Audit Committee, Sustainability and Corporate Governance Committee, Remuneration and Nomination Committee and Independent Director

Mr. Pridi Boonyoung

Audit Committee and Independent Director

Mrs. Nampung Wongsmith

Audit Committee and Independent Director

Police General Phatcharavat Wongsuwan

Chairman of Remuneration and Nomination Committee, Sustainability and Corporate Governance Committee and Independent Director

Adjunct Professor Prasobsook Boondech

Chairman of Sustainability and Corporate Governance Committee and Independent Director

Mr. Dhanin Chearavanont

Chairman

Mr. Korsak Chairasmisak

Vice Chairman

Mr. Adirek Sripratak

Director

Mr. Umroong Sanphasitvong

Director and Sustainability and Corporate Governance Committee

Mr. Soopakij Chearavanont
Director
and Remuneration and
Nomination Committee

Mr. Narong Chearavanont
Director

Mr. Prasert Jarupanich
Director

Mr. Pittaya Jearavisitkul
Director

Mr. Piyawat Titasattavorakul
Director

Mr. Tanin Buranamanit
Director

Company Secretary and Head of Internal Audit

Mr. Supot Shitgasornpongse
Company Secretary
and Vice President -
Accounting and Finance

Mr. Kidsada Euapiyachart
Head of Internal Audit
Secretary of Audit Committee
and Vice President - Internal Audit

Executive Committee

Mr. Korsak Chairasmisak
Chairman of Executive Committee

Mr. Pittaya Jearavisitkul
Vice Chairman of Executive Committee

Mr. Piyawat Titasattavorakul
Vice Chairman of Executive Committee

Mr. Umroong Sanphasitvong
Member of Executive Committee

Mr. Tanin Buranamanit
Member of Executive Committee

Mr. Wisade Wisidwinyoo
Member of Executive Committee

Mr. Taweesak Kaewrathtanapattama
Member of Executive Committee

Executive Officers

Mr. Tanin Buranamanit
Managing Director
and Chief Executive Officer

Mr. Taweesak Kaewrathtanapattama
Senior Vice President -
Accounting and Finance

Mr. Suraphan Pussadej
Senior Assistant Chief
Executive Officer -
Human Resource

Mr. Chuan Nimkittikul
Senior Vice President -
Distribution Center Function

Mr. Suwit Kingkaew
Senior Vice President -
Sustainable Development

Mr. Kosa Pongsupath
Senior Vice President -
Information Technology

Mr. Chairoj Tiwatmuncharoen
Senior Vice President -
Operation

Mr. Skol Tejasataporn
Senior Vice President -
Purchasing

Mr. Vichien Chuengviroj
Senior Vice President -
Corporate Asset and
Facilities Management

Mr. Yuthasak Poomsurakul
Senior Vice President -
Merchandising & Marketing

Ms. Lawan Tienghongsakul
Senior Vice President -
Human Resource

Mr. Kriengchai Boonpoapichart
Senior Vice President -
Accounting and Finance (Vice)

Account Controller

Mr. Voradech Hongdechanan
Vice President - Accounting
and Account Controller

Information of Directors, Executive Officers, Controlling Parties and Company Secretary

Adjunct Professor Prasobsook Boondech

73 years old

Position :

Independent Director / Chairman of Sustainability and Corporate Governance Committee

Appointment Date :

April 21, 2016

Education

- Capital Market Academy Class 10
- National Defence College of Thailand Class 41
- Barrister-at-Law, Lincoln's Inn
- Barrister-at-Law, Thai Bar Association
- Bachelor of Law, Thammasat University

Training by the Thai Institute of Directors Association (IOD)

2017 Director Accreditation Program (DAP)
2016 Ethical Leadership Program (ELP)

Board Member / Management in Listed Company

Present

- Legal Adviser, Thanachart Bank Public Company Limited
- Vice Chairman, News Network Corporation Public Company Limited

Position in Other Company / Organization / Institution

Present

- Independent Director, C.P. Lotus Corporation

5-Year Past Experiences and / or Remarkable Position

2012 Member of the Council of State
2008 President of the Senate
2004 President of the Court of Appeal

(%) shareholding (as at December 31, 2018)

Held personally -None-
Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2018 :

8 times out of 8 meetings

Police General Phatcharavat Wongsuwan

69 years old

Position :

Independent Director / Chairman of Remuneration and Nomination Committee / Sustainability and Corporate Governance Committee

Appointment Date :

February 19, 2013

Education

- Diploma, National Defence College, The State, Private Sector and Political Sectors Course Class 2
- Master of Arts (Social Development), Kasetsart University
- Royal Police Cadet Academy Class 25

Training by the Thai Institute of Directors Association (IOD)

2017 Director Accreditation Program (DAP)

Board Member / Management in Listed Company

Present

- Director, Energy Absolute Public Company Limited
- Independent Director, Charoen Pokphand Food Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Consultant, National Broadcasting and Telecommunication Commission (NBTC)

5-Year Past Experiences and / or Remarkable Position

2008 Commissioner-General, Royal Thai Police
2005 Deputy Commissioner-General
2002 Assistant Commissioner-General

(%) shareholding (as at December 31, 2018)

Held personally -None-
Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2018 :

8 times out of 8 meetings

Mr. Padoong Techasarintr

78 years old

Position :

Independent Director / Chairman of Audit Committee / Sustainability and Corporate Governance Committee / Remuneration and Nomination Committee

Appointment Date :

March 11, 1999

Education

- Bachelor Degree in Commerce, Thammasat University
- Bachelor Degree in Accounting, Thammasat University

Training by the Thai Institute of Directors Association (IOD)

2017 Independent Director Forum : Updated COSO Enterprise Risk Management : Integrating with Strategy and Performance
2008 Audit Committee Program (ACP)
2008 Monitoring the Internal Audit Function
2005 Director Accreditation Program (DAP)
2003 Director Certification Program (DCP)
2001 The Role of Chairman

Board Member / Management in Listed Company

Present

- Independent Director and Chairman of the Audit Committee, Textile Prestige Public Co., Ltd.

- Independent Director and Chairman of the Audit Committee, Thanulux Public Co., Ltd.
- Independent Director and Chairman of the Audit Committee, Lanna Rerources Public Co., Ltd.
- Independent Director and Audit Committee, Kulthorn Kirby Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Chairman of Audit Committee, Panyapiwat Institute of Management

5-Year Past Experiences and / or Remarkable Position

1995 - 1998 Executive Director, Siam City Bank Public Co., Ltd.
1994 - 1995 Director - Vice President, Siam City Bank Public Co., Ltd.
Senior Executive Vice President, The Industrial Finance Corporation of Thailand

(%) shareholding (as at December 31, 2018)

Held personally 0.00011
Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2018 :

8 times out of 8 meetings

Mr. Pridi Boonyoung

80 years old

Position :

Independent Director / Audit Committee

Appointment Date :

March 11, 1999

Education

- Master Degree in Laws, Yale University, USA
- Bachelor Degree in Laws, Thammasat University
- Degree, National Defence College of Thailand Class 3

Training by the Thai Institute of Directors Association (IOD)

2010 Audit Committee Program (ACP)
2005 Director Accreditation Program (DAP)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Audit committee, Panyapiwat Institute of Management

5-Year Past Experiences and / or Remarkable Position

1997 - 1998 Director-General, Treasury Department
1996 - 1997 Director-General, Customs Department
1993 - 1996 Director-General, The Comptroller General's Department

(%) shareholding (as at December 31, 2018)

Held personally 0.00759
Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2018 :

8 times out of 8 meetings

Mrs. Nampung Wongsmith

60 years old

Position :

Independent Director / Audit Committee

Appointment Date :

February 22, 2018

Education

- Master of Business Administration (Finance), Oklahoma State University, USA
- Bachelor of Economics (International Economics), Chulalongkorn University

Training by the Thai Institute of Directors Association (IOD)

2018 Role of Chairman Program (RCP)
2016 Advanced Audit Committee Program
2007 Director Certificate Program (DCP)

Board Member / Management in Listed Company

Present

- Independent Director, Christiani & Nielsen (Thai) Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Independent Director, Bank for Agriculture and Agricultural Cooperatives
- Audit Committee, Panyapiwat Institute of Management

5-Year Past Experiences and / or Remarkable Position

2017 - 2018 Independent Director, The Transport Co., Ltd.
2015 - 2017 Risk Management Committee, Sukhumvit Asset Management Co., Ltd.

(%) shareholding (as at December 31, 2018)

Held personally -None-
Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2018 :

5 times out of 6 meetings

Mr. Dhanin Chearavanont

79 years old

Position :

Chairman

Appointment Date :

March 11, 1999

Education

- Degree from National Defence College of Thailand
- Shantou Secondary School, The People's Republic of China
- Commercial School, Hong Kong

Training by the Thai Institute of Directors Association (IOD)

2005 Director Accreditation Program (DAP)

Board Member / Management in Listed Company

Present

- Chairman, Charoen Pokphand Food Public Co., Ltd.
- Chairman, True Corporation Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Senior Chairman, Charoen Pokphand Group Co., Ltd.
- Chairman, C.P. Pokphand Co., Ltd.
- Chairman, Chia Tai (China) Investment Co., Ltd.
- Director, C.P. Land Public Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

-None-

(%) shareholding (as at December 31, 2018)

Held personally	0.01705
Held by spouse or minor children	-None-

Family Relationship among Directors and Executives

Mr. Soopakij Chearavanont and Mr. Narong Chearavanont's father

Attendance at the Board of Directors' Meeting during 2018 :

4 times out of 8 meetings

Mr. Korsak Chairasmisak

66 years old

Position :

Vice Chairman / Chairman of Executive Committee

Appointment Date :

March 11, 1999

Education

- Honorary Doctor of Philosophy in Accounting, Rajamangala University of Technology Srivijaya
- Honorary Doctor of Business Administration, Dhurakij Pundit University
- Honorary Doctor of Business Administration in Management, Suan Dusit Rajabhat University
- Honorary Doctor of Arts, North Chiang Mai University
- Honorary Doctor of Business Administration in Management, Sripatum University
- Bachelor Degree in Economics, Thammasat University

Training by the Thai Institute of Directors Association (IOD)

2006 The Role of Chairman

2000 Director Certification Program (DCP)

Board Member / Management in Listed Company

Present

- Vice Chairman and Executive Director, Siam Makro Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Senior Vice Chairman, Charoen Pokphand Group Co., Ltd.
- Expert Committee, Member of the Institution Council, Panyapiwat Institute of Management
- President, Go Association of Thailand
- President, World Chinese Wei Qi Federation
- Director, The International Go Federation (IGF)
- Chairman, Panyapiwat Association
- President, Thailand-Korea Friendship Association
- Committee, Uttayarndham Foundation
- Director, Suksapiwat Co., Ltd.
- Director, Thai Smart Card Co., Ltd.
- Director, OHT Co., Ltd.
- Director, Siam Makro Holding (Thailand) Ltd.
- Director, Lotus Distribution Investment Ltd.
- Director, Nanjing Tech University Pujiang Institute

5-Year Past Experiences and / or Remarkable Position

1983 - 1987	Executive Vice President (Trading), Charoen Pokphand Group Co., Ltd. (Based in Hong Kong)
1979 - 1983	Managing Director, Bangkok Produce Merchandising Co., Ltd.
	Managing Director, Bangkok Fisheries Co., Ltd.
	Managing Director, C.P. Agro-Industry Co., Ltd.
	Managing Director, C.P. Intertrade Co., Ltd.

(%) shareholding (as at December 31, 2018)

Held personally	0.09957*
Held by spouse or minor children	-None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2018 :

8 times out of 8 meetings

** Remark*
Included Employee Joint Investment Program (EJIP)

Mr. Adirek Sripratak

72 years old

Position :

Director

Appointment Date :

August 11, 2005

Education

- Honorary Doctorate in Agriculture, Nakhon Sawan Rajabhat University
- Honorary Doctorate of Philosophy in Food Science, Kasetsart University
- Honorary Doctorate in Business Administration, Rajamangala University of Technology Suvarnabhumi
- Honorary Doctorate of Philosophy in Food Technology, Mae Fah Luang University
- Honorary Doctorate of Philosophy in Agriculture, Ubon Ratchathani University
- Honorary Doctorate in Science, Maejo University
- Honorary Doctorate in Economics, Chiang Mai University
- Honorary Doctorate in Science and Food Science, Rajamangala University of Technology Isan

Training by the Thai Institute of Directors Association (IOD)

2005 Director Accreditation Program (DAP)

2001 Director Certification Program (DCP)

Board Member / Management in Listed Company

Present

- Chairman of The Executive Committee, Charoen Pokphand Foods Public Co., Ltd.
- Director, Siam Makro Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Senior Vice Chairman, Charoen Pokphand Group Co., Ltd.
- Chairman, CPF (Thailand) Public Co., Ltd.
- Vice Chairman, C.P. Pokphand Co., Ltd.
- Director, C.P. Merchandising Co., Ltd.
- Director, CPF Training Center Co., Ltd.
- Director, CPF IT Center Co., Ltd.
- Director, Bright Excel Investments Ltd.
- Director, CPF (India) Private Ltd.
- Director, Charoen Pokphand (Taiwan) Investment Ltd.
- Director, Charoen Pokphand Foods Kenya Co., Ltd.
- Director, Chia Tai (China) Investment Co., Ltd.
- Director, Coination Investments Ltd.
- Director, CPF Investment Ltd.
- Director, CPF Tanzania Ltd.
- Director, C.P. Vietnam Corporation
- Director, CPVN Ltd.
- Director, CP Food Investment Ltd.
- Director, C.P. Laos Co., Ltd.
- Director, Forward Pass Ltd.
- Director, New Splendid Holdings Ltd.
- Director, CP Chozen Ltd. and subsidiaries
- Director, CP-Meiji Co., Ltd.
- Honor President, Thai Broiler Processing Exporters Association

5-Year Past Experiences and / or Remarkable Position

-None-

(%) shareholding (as at December 31, 2018)

Held personally -None-

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2018:

8 times out of 8 meetings

Mr. Umroong Sanphasitvong

66 years old

Position :

Director / Sustainability and Corporate Governance Committee / Member of Executive Committee

Appointment Date :

March 11, 1999

Education

- Master Degree in Accounting, Thammasat University
- Bachelor Degree in Accounting, Thammasat University

Training by the Thai Institute of Directors Association (IOD)

2018 National Director Conference 2018 Rising above Disruptions : A Call for Action

2016 Driving Company Success with IT Governance (ITG)

2016 Ethical Leadership Program (ELP)

2007 Role of the Compensation Committee

2006 Board Performance Evaluation

2006 DCP Refresher

2003 Company Secretary

2001 Director Certification Program (DCP)

Board Member / Management in Listed Company

Present

- Director, True Corporation Public Co., Ltd.
- Director, Siam Makro Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Deputy Group CFO, Charoen Pokphand Group Co., Ltd.
- Director, CPPC Public Co., Ltd.
- Director, C.P. Lotus Corporation

- Director, ICONSIAM Co., Ltd.
- Director, The Iconsiam Residences Corporation Ltd.
- Director, The Iconsiam Superlux Residence Corporation Ltd.
- Director, The Iconsiam Chaopraya River Holdings Co., Ltd.
- Director, Ascend Group Co., Ltd.
- Director, Suksapiwat Co., Ltd.
- Director, Thai Smart Card Co., Ltd.
- Director, Panyapiwat Institute of Management
- Director, OHT Co., Ltd.
- Director, Siam Makro Holding (Thailand) Ltd.
- Director, Lotus Distribution Investment Ltd.
- Director, Siam River Holdings Company Limited
- Director, Asia Freewill Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

-None-

(%) shareholding (as at December 31, 2018)

Held personally -None-

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2018 :

8 times out of 8 meetings

Mr. Soopakij Chearavanont

55 years old

Position :

Director / Remuneration and Nomination Committee

Appointment Date :

August 15, 2003

Education

- Honorary Degree of Doctor of Philosophy in Business Administration, Ramkhamhaeng University, Thailand
- Bachelor of Science Degree, College of Business and Public Administration, New York University, USA

Training by the Thai Institute of Directors Association (IOD)

-None-

Board Member / Management in Listed Company

Present

- Director, True Corporation Public Company Limited

Position in Other Company / Organization / Institution

Present

- Chairman, Charoen Pokphand Group
- Executive Chairman, True Visions Group Company Limited
- Executive Chairman, Telecom Holding Co., Ltd.
- Chairman, CT Bright Holdings Ltd.
- Chairman, Chia Tai Property Management Company Ltd.
- Chairman, Chia Tai Real Estate Group Company Ltd.
- Chairman, Chia Tai Lotus (Shanghai) Company Ltd.
- Chairman, Fortune Leasing Company Ltd.
- Chairman, Mass Gain Investment Ltd.
- Chairman, Beijing Lotus Supermarket Chain Store Co., Ltd.
- Chairman, SM True Company Limited
- Chairman, Cineplex Company Limited
- Chairman, Panther Entertainment Company Limited
- Chairman, True Media Solutions Company Limited
- Chairman, Satellite Service Company Limited
- Chairman Honorary, True CJ Creations Company Limited
- Co-Chairman, Shanghai Kinghill Limited - Super Brand Mall
- Vice Chairman & CEO, Marketing and Distribution Business (China), Charoen Pokphand Group Co., Ltd.
- Chief Executive Officer, Real Estate & Land Development Business (China), Charoen Pokphand Group Co., Ltd.
- Executive Chairman & Chief Executive Office, C.P. Lotus Corporation
- Executive Vice Chairman & CEO, Shanghai Lotus Supermarket Chain Store Co., Ltd.
- Vice Chairman, Marketing and Distribution Business (Thailand), Charoen Pokphand Group Co., Ltd.
- Vice Chairman, Real Estate and Land Development Business (Thailand), Charoen Pokphand Group Co., Ltd.
- Vice Chairman, Telecommunication Business, Charoen Pokphand Group Co., Ltd.
- Vice Chairman, Automotive Industrial Business (China), Charoen Pokphand Group Co., Ltd.
- Vice Chairman, Chia Tai Trading (Beijing) Company Ltd.
- Vice Chairman, Chia Tai Vision Ltd.
- Vice Chairman, Chia Tai International Finance Company Ltd.
- Vice Chairman, Shanghai Fortune World Development Co., Ltd.
- Director, Chia Tai Development Investment Company Ltd.
- Director, Chia Tai Group Company Ltd.
- Director, CP Pokphand Co., Ltd.
- Director, Fortune Shanghai Ltd.
- Director, Lotus-CPF (PRC) Investment Company Ltd.
- Non-Executive Director, Ping An Insurance (Group) Company of China Ltd.
- Director, True Information Technology Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

2013 - 2016 Director, Siam Makro Public Company Limited

(%) shareholding (as at December 31, 2018)

Held personally 0.00248

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

Mr. Dhanin Chearavanont's son and Mr. Narong Chearavanont's brother

Attendance at the Board of Directors' Meeting during 2018 :

4 times out of 8 meetings

Mr. Narong Chearavanont

54 years old

Position :

Director

Appointment Date :

March 11, 1999

Education

- Systematic Innovation of Products, Processes and Services, MIT Sloan Executive Education
- Honorary Doctor of Business Administration Program, Ramkhamhaeng University
- Advance Management Program : Transforming Proven Leaders into Global Executives, Harvard Business School, Harvard University
- Bachelor of Science, Major : Business Administration, New York University, USA

Training by the Thai Institute of Directors Association (IOD)

2007 Director Accreditation Program (DAP)

Board Member / Management in Listed Company

Present

- Director, Siam Makro Public Co., Ltd.
- Director, True Corporation Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Senior Vice Chairman Charoen Pokphand Group Co., Ltd.

Director

- Shanghai Lotus Supermarket Chain Store Company Limited
- Business Development Bank
- Tai'an Lotus Supermarket Chain Store Company Limited
- Beijing Lotus Supermarket Chain Store Company Limited
- Xi'an Lotus Supermarket Chain Store Company Limited
- Shantou Lotus Supermarket Chain Store Company Limited
- Qingdao Lotus Supermarket Chain Store Company Limited
- CPPC Public Company Limited
- Beston Action Utility Wear (Lianyungang) Company Limited
- Jiangsu CP Lotus Supermarket Chain Store Company Limited
- Beijing CP Lotus Supermarket Chain Store Company Limited
- Zhejiang CP Trading Company Limited
- Cineplex Company Limited
- Satellite Services Company Limited
- Wuxi Ailian Supermarket Chain Store Company Limited
- Wuxi Yilian Supermarket Company Limited
- Taizhou Yilian Supermarket Company Limited
- Hefei Ailian Supermarket Company Limited
- Changsha Chulian Supermarket Company Limited
- Wuhan Yichu Ailian Supermarket Company Limited
- Guangzhou Lotus Supermarket Chain Store Company Limited
- Shanghai Yilian Supermarket Company Limited
- Shanghai Ailian Supermarket Company Limited
- Shanghai Songlian Supermarket Company Limited
- Wenzhou Yichu Ailian Supermarket Company Limited
- Shanghai Cailian Supermarket Company Limited
- Nantung Tonglian Supermarket Company Limited
- Kunshan Tailian Supermarket Company Limited
- C.P. Zonglian (Shanghai) Management Company Limited
- Guangzhou Lotus Supermarket Chain Store Company Limited
- Shanghai Changfa Shopping Center Company Limited
- Nantong Tonglian Supermarket Company Limited
- Zhengzhou Lotus Supermarket Chain Store Company Limited
- Guangdong Huanantong Trading Development Company Limited
- Foshan C.P. Lotus Management Consulting Company Limited
- Zhejiang C.P. Lotus Supermarket Company Limited
- Wuhan Lotus Supermarket Chain Store Company Limited
- OHT Co., Ltd.
- Siam Makro Holding (Thailand) Limited
- Lotus Distribution Investment Limited
- Yangtze Supermarket Investment Company Limited

Executive Vice Chairman

- CP Lotus Corporation
- Chia Tai (China) Investment Company Limited

Director

- True Visions Group Company Limited
- Chia Tai Qingdao Holdings (Hong Kong) Company Limited
- Chia Tai Xiangyang Holdings (Hong Kong) Company Limited
- Chia Tai Qingdao Holdings Company Limited
- Chia Tai Xiangyang Holdings Company Limited
- The ICONSIAM Superlux Residences Corporation Limited
- The ICONSIAM Residences Corporation Company Limited
- The ICONSIAM Company Limited
- The ICONSIAM Chaopraya River Holdings Company Limited
- Siam River Holdings Company Limited
- True Iconsiam Company Limited

Vice Chairman

- Panther Entertainment Company Limited
- Marketing and Distribution Business (Thailand)
- Marketing and Distribution Business (China)
- Real Estate & Land Development Business (China)
- Shanghai Kinghill Company Limited
- SM True Company Limited
- Senior Executive Assistant to Chairman Charoen Pokphand Group "Global Talent Recruitment"

Chief Executive Officer

- Shanghai Litai Logistics Company Limited

Governance Committee

- Leadership Development Institute

5-Year Past Experiences and / or Remarkable Position

2008 - 2010	Director, True Visions Public Company Limited
2007 - 2010	Director, CP Pokphand Company Limited
1997 - 2002	President, Ex-Chor Trading (Shanghai) Company Limited
1995 - 1997	President, Ex-Chor Distribution (Thailand) Company Limited

(%) shareholding (as at December 31, 2018)

Held personally	0.00339
Held by spouse or minor children	-None-

Family Relationship among Directors and Executives

Mr. Dhanin Chearavanont's son and Mr. Soopakij Chearavanont's brother

Attendance at the Board of Directors' Meeting during 2018 :

7 times out of 8 meetings

Mr. Prasert Jarupanich

70 years old

Position :

Director

Appointment Date :

March 11, 1999

Education

- Program for Management Development (PMD), Harvard Business School
- Ph.D. Industrial Engineering and Management, Oklahoma State University
- Master Degree in Computer Science, University of Missouri at Rolla
- Bachelor Degree in Computer Science, University of Missouri at Rolla

Training by the Thai Institute of Directors Association (IOD)

2008	Role of the Compensation Committee
2004	Director Certification Program (DCP)
2004	Finance for Non-finance Director

Board Member / Management in Listed Company

Present

- Director, Siam Makro Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Director, Star Marketing Co., Ltd.
- Director, Ete Co., Ltd.
- Director, Telecommunications Network Co., Ltd.
- Director, K.S.P. Equipment Co., Ltd.
- Director, Siam Land Flying Co., Ltd.
- Director, C.P. Consumer Products Co., Ltd.
- Director, Freewill Solutions Co., Ltd.
- Director, Perfect Companion Group Co., Ltd.
- Director, 84 Co., Ltd.
- Director, UNS Agrochemical Co., Ltd.
- Director, Pokphand Enterprise Co., Ltd.
- Director, Nava 84 Co., Ltd.
- Director, Charoen Pokphand Holding Co., Ltd.
- Director, Leadership Development Charoen Pokphand Group Co., Ltd.
- Director, CPL Hill Co., Ltd.
- Director, CPL City Co., Ltd.
- Director, CP Motor Holding Co., Ltd.
- Vice President - Marketing and Distribution Group, Charoen Pokphand Group Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

-None-

(%) shareholding (as at December 31, 2018)

Held personally	-None-
Held by spouse or minor children	-None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2018 :

7 times out of 8 meetings

Mr. Pittaya Jearavisitkul

63 years old

Position :

Director / Vice Chairman of Executive Committee

Appointment Date :

March 11, 1999

Education

- Master Degree in Business Administration, Thammasat University
- Bachelor Degree in Economics (1st Class Honor), Thammasat University

Training by the Thai Institute of Directors Association (IOD)

2000	Director Certification Program (DCP)

Board Member / Management in Listed Company

Present

- Director, Siam Makro Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Director, CPRAM Co., Ltd.
- Director, Counter Service Co., Ltd.
- Director, CP Retailink Co., Ltd.
- Director, Gosoft (Thailand) Co., Ltd.
- Director, MAM Heart Co., Ltd.
- Director, Dynamic Management Co., Ltd.
- Director, Suksapiwat Co., Ltd.
- Director, Panyatara Co., Ltd.

- Director, Panyapiwat Institute of Management
- Director, All Training Co., Ltd.
- Director, All Corporation Ltd.
- Director, OHT Co., Ltd.
- Director, Siam Makro Holding (Thailand) Ltd.
- Director, 24 Shopping Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

1993 - 1998 Vice President - Marketing and Distribution Group, Charoen Pokphand Group Co., Ltd.

(%) shareholding (as at December 31, 2018)

Held personally 0.02126*

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2018 :

7 times out of 8 meetings

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Piyawat Titasattavorakul

65 years old

Position :

Director / Vice Chairman of Executive Committee

Appointment Date :

March 11, 1999

Education

- Bachelor Degree in Marketing, Ramkhamhaeng University

Training by the Thai Institute of Directors Association (IOD)

2001 Director Certification Program (DCP)

Board Member / Management in Listed Company

Present

- Director, Siam Makro Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Director, ICONSIAM Co., Ltd.
- Director, The Iconsiam Residences Corporation Ltd.
- Director, The Iconsiam Superlux Residence Corporation Ltd.
- Director, The Iconsiam Chaopraya River Holdings Co., Ltd.
- Director, CPRAM Co., Ltd.
- Director, Counter Service Co., Ltd.
- Director, CP Retailink Co., Ltd.
- Director, Gosoft (Thailand) Co., Ltd.
- Director, MAM Heart Co., Ltd.
- Director, Dynamic Management Co., Ltd.
- Director, Suksapiwat Co., Ltd.
- Director, Panyatara Co., Ltd.
- Director, Panyapiwat Institute of Management
- Director, Panyapiwat Technological College
- Director, All Training Co., Ltd.
- Director, All Corporation Ltd.
- Director, OHT Co., Ltd.
- Director, Siam Makro Holding (Thailand) Ltd.
- Director, 24 Shopping Co., Ltd.
- Director, Siam River Holdings Company Limited
- Director, ALL Wellness Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

1996 - 1998 Vice President - Operation : C.P. Seven Eleven Public Co., Ltd.

(%) shareholding (as at December 31, 2018)

Held personally 0.00052*

Held by spouse or minor children 0.00002

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2018 :

8 times out of 8 meetings

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Tanin Buranamanit

55 years old

Position :

Director / Member of Executive Committee / Managing Director / Chief Executive Officer

Appointment Date :

April 28, 2010

Education

- Bachelor Degree in Marketing, Thammasat University

Training by the Thai Institute of Directors Association (IOD)

2010 Director Certification Program (DCP)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, All Corporation Ltd.
- Director, Thai Smart Card Co., Ltd.
- Director, ALL Wellness Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

2012 Executive Vice President - Marketing, Operation and Human Resource, CP ALL Public Co., Ltd.

(%) shareholding (as at December 31, 2018)

Held personally 0.00504*

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2018 :

8 times out of 8 meetings

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Supot Shitgasornpongse

65 years old

Position :

Company Secretary / Vice President - Accounting and Finance

Appointment Date :

August 13, 2008

Education

- Master of Science in Accounting, Thammasat University
- Bachelor of Accounting (1st Class Honor), Chulalongkorn University

Training by the Thai Institute of Directors Association (IOD)

2014 Anti-Corruption : The Practical Guide
2004 Director Certification Program (DCP)
2003 Company Secretary Program

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Subcommittee on Tax Revenue, Thai Chamber of Commerce
- Director, CPRAM Co., Ltd.
- Director, Counter Service Co., Ltd.
- Director, CP Retailink Co., Ltd.
- Director, MAM Heart Co., Ltd.
- Director, Dynamic Management Co., Ltd.
- Director, Suksapiwat Co., Ltd.
- Director, Panyatara Co., Ltd.
- Director, All Training Co., Ltd.
- Director, All Corporation Ltd.
- Director, 24 Shopping Co., Ltd.
- Director, Albuera International Ltd.
- Director, CP Foodlab Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

-None-

(%) shareholding (as at December 31, 2018)

Held personally 0.00135*
Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Kidsada Euapiyachart

66 years old

Position :

Secretary of Audit Committee / Vice President - Internal Audit

Education

- Master Degree in Business Administration, Southeastern University, USA
- Graduate Diploma in Auditing, Chulalongkorn University
- Bachelor Degree in Law, Thammasat University
- Bachelor Degree in Accounting, The University of the Thai Chamber Commerce

Training by the Thai Institute of Directors Association (IOD)

2015 Anti-Corruption in Thailand : Sustaining the Momentum
2014 Anti-Corruption : The Practical Guide
2010 Audit Committee Program
2009 Company Secretary Program

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

-None-

5-Year Past Experiences and / or Remarkable Position

1988 - 2000 Deputy Manager, Internal Audit, Charoen Pokphand Group Co., Ltd.

(%) shareholding (as at December 31, 2018)

Held personally 0.00095*
Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Wisade Wisidwinyoo

61 years old

Position :

Member of Executive Committee

Appointment Date :

February 17, 2015

Education

- Honorary Doctorate of Science, Rajamangala University of Technology Phra Nakhon
- Master Degree in Engineering, The University of Texas at Arlington
- Bachelor Degree in Engineering, King Mongkut's University of Technology Thonburi

Training by the Thai Institute of Directors Association (IOD)

2016 Ethical Leadership Program (ELP)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Managing Director, CPRAM Co., Ltd.
- Managing Director, CP Foodlab Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

2013 - 2014 Senior Vice President, CPRAM Co., Ltd.

(%) shareholding (as at December 31, 2018)

Held personally	0.00076*
Held by spouse or minor children	0.00245

Family Relationship among Directors and Executives

-None-

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Taweesak Kaewrathtanapattama

62 years old

Position :

Member of Executive Committee / Senior Vice President - Accounting and Finance / Chief Finance Office

Appointment Date :

November 13, 2017 (Member of Executive Committee)

March 1, 2006 (Chief Finance Office)

Education

- Bachelor Degree in Accounting, Thammasat University
- Bachelor Degree in Law, Thammasat University

Training by the Thai Institute of Directors Association (IOD)

2007 Director Certification Program (DCP)

Continuing Professional Development Program (CPD)

2018 Auditing practice in accordance with auditing standards and presentation of financial statements (3.30 hours)

2018 Tax Law 2017 - 2018 (10.30 hours)

2018 Technique for preparing financial report and financial analysis report (6 hours)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, CPRAM Co., Ltd.
- Director, Counter Service Co., Ltd.
- Director, CP Retailink Co., Ltd.
- Director, Gosoft (Thailand) Co., Ltd.
- Director, MAM Heart Co., Ltd.
- Director, Dynamic Management Co., Ltd.
- Director, Suksapiwat Co., Ltd.
- Director, Panyatara Co., Ltd.
- Director, All Training Co., Ltd.
- Director, All Corporation Ltd.
- Director, OHT Co., Ltd.
- Director, Siam Makro Holding (Thailand) Ltd.
- Director, 24 Shopping Co., Ltd.
- Director, Albuera International Ltd.
- Director, CP Foodlab Co., Ltd.
- Director, ALL Wellness Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

-None-

(%) shareholding (as at December 31, 2018)

Held personally	0.00059*
Held by spouse or minor children	0.00537

Family Relationship among Directors and Executives

-None-

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Suraphan Pussadej

70 years old

Position :

Senior Assistant Chief Executive Officer - Human Resource

Education

- Certificate Management Development Program, Kellogg School of Management, Northwestern University, USA
- Master of Art, Political Science, University of Detroit, USA
- Bachelor of Law (Honor), Thammasat University
- Barrister of Law, Thai Bar Association

Training by the Thai Institute of Directors Association (IOD)

-None-

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Chairman, Kanittapanitt Co., Ltd.
- Expert, Office of the Civil Servant Commission
- Advisor, Walailuck University
- Director, Panyatara Co., Ltd.
- Director, Panyapiwat Institute of Management
- Director, All Training Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

2004 - 2005	Deputy Chief Executive Officer, S Khonkaen Public Co., Ltd.
1996 - 2004	Corporate Human Resource Director, Paper & Packaging Business, Siam Cement Group (SCG)

(%) shareholding (as at December 31, 2018)

Held personally	0.00293*
Held by spouse or minor children	0.00111

Family Relationship among Directors and Executives

-None-

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Chuan Nimkittikul

67 years old

Position :

Senior Vice President - Distribution Center Function

Education

- Master Degree in Business Administration, Thammasat University
- Bachelor Degree in Economics, Thammasat University

Training by the Thai Institute of Directors Association (IOD)

2006 Finance for Non-finance Director

2006 Director Certification Program (DCP)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, Dynamic Management Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

-None-

(%) shareholding (as at December 31, 2018)

Held personally 0.00837*

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Suwit Kingkaew

69 years old

Position :

Senior Vice President - Sustainable Development

Education

- Master Degree in Business Administration, Kasetsart University
- Bachelor Degree in Economics, Kasetsart University
- Senior Executives on Justice Administration Programme National Justice Academy, Office of Judiciary

Training by the Thai Institute of Directors Association (IOD)

2005 Director Certification Program (DCP)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, Panyapiwat Institute of Management
- Board Committee, Moral Extension National Committee

5-Year Past Experiences and / or Remarkable Position

-None-

(%) shareholding (as at December 31, 2018)

Held personally 0.00332*

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Kosa Pongsupath

67 years old

Position :

Senior Vice President - Information Technology

Education

- Bachelor Degree in Statistics, Kasetsart University

Training by the Thai Institute of Directors Association (IOD)

2016 Corporate Governance for Executives (CGE)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, Gosoft (Thailand) Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

-None-

(%) shareholding (as at December 31, 2018)

Held personally 0.00372*

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Chairoj Tiwatmuncharoen

64 years old

Position :

Senior Vice President - Operation

Education

- Master of Business Administration (MBA), Sribatum University
- Bachelor of Engineering, Prince of Songkla University

Training by the Thai Institute of Directors Association (IOD)

-None-

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

-None-

5-Year Past Experiences and / or Remarkable Position

2007 - 2013 Vice President, CP ALL Public Co., Ltd.

(%) shareholding (as at December 31, 2018)

Held personally 0.00263*

Held by spouse or minor children 0.00328*

Family Relationship among Directors and Executives

-None-

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Skol Tejasataporn

65 years old

Position :

Senior Vice President - Purchasing

Education

- Bachelor of Arts in Economics, Thammasat University

Training by the Thai Institute of Directors Association (IOD)

-None-

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

-None-

5-Year Past Experiences and / or Remarkable Position

2007 - 2013 Vice President, CP ALL Public Co., Ltd.

(%) shareholding (as at December 31, 2018)

Held personally 0.00132*

Held by spouse or minor children 0.00072

Family Relationship among Directors and Executives

-None-

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Vichien Chuengviroj

63 years old

Position :

Senior Vice President - Corporate Asset and Facilities Management

Education

- Master of Business Administration (MBA) - Marketing, National Institute of Development Administration (NIDA)

Training by the Thai Institute of Directors Association (IOD)

2018 Ethical Leadership Program (ELP)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

-None-

5-Year Past Experiences and / or Remarkable Position

-None-

(%) shareholding (as at December 31, 2018)

Held personally 0.00022*

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Yuthasak Poomsurakul

53 years old

Position :

Senior Vice President - Merchandising & Marketing

Education

- Master Degree in Marketing, Thammasat University
- Bachelor Degree in Business Administration, Assumption University
- Bachelor Degree in Economics, Ramkhamhaeng University

Training by the Thai Institute of Directors Association (IOD)

-None-

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, CP Foodlab Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

2011 - 2016 Vice President, CP All Public Co., Ltd.

(%) shareholding (as at December 31, 2018)

Held personally 0.00140*

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

** Remark Included Employee Joint Investment Program (EJIP)*

Ms. Lawan Tienghongsakul

58 years old

Position :

Senior Vice President - Human Resource

Education

- Bachelor Degree in Financial Management, University of the Thai Chamber of Commerce

Training by the Thai Institute of Directors Association (IOD)

-None-

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

-None-

5-Year Past Experiences and / or Remarkable Position

2012 - 2017 Vice President, CP All Public Co., Ltd.

(%) shareholding (as at December 31, 2018)

Held personally 0.00345*

Held by spouse or minor children 0.00004

Family Relationship among Directors and Executives

-None-

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Kriengchai Boonpoapichart

50 years old

Position :

Senior Vice President - Accounting and Finance (Vice)

Education

- Master Degree, MBA, International University of Japan
- Bachelor of Accounting, Chulalongkorn University

Training by the Thai Institute of Directors Association (IOD)

2004 Director Certification Program (DCP52)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, CPRAM Co., Ltd.
- Director, CP Retailink Co., Ltd.
- Director, Gosoft (Thailand) Co., Ltd.
- Director, Dynamic Management Co., Ltd.
- Director, Panyatara Co., Ltd.
- Director, All Training Co., Ltd.
- Director, All Corporation Ltd.
- Director, 24 Shopping Co., Ltd.
- Director, ALL Wellness Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

2009 - 2018 Vice President, CP All Public Co., Ltd.

(%) shareholding (as at December 31, 2018)

Held personally	0.00337*
Held by spouse or minor children	-None-

Family Relationship among Directors and Executives

-None-

** Remark Included Employee Joint Investment Program (EJIP)*

Mr. Voradech Hongdechanan

61 years old

Position :

Vice President - Accounting / Account Controller

Appointment Date :

February 2, 2012 (Account Controller)

Education

- Bachelor of Accounting, Thammasat University

Training by the Thai Institute of Directors Association (IOD)

-None-

Continuing Professional Development Program (CPD)

2018 TFRS year 2019 (7 hours)
2017 Update TFRS (7 hours)
2017 e-Tax Invoice & e-Receipt (6.30 hours)
2017 Submission of financial statements via the DBD e-filing system (3 hours)
2016 Submission of financial statements via the DBD e-filing system (3 hours)
2016 Tax planning for sales promotion (6 hours)
2016 The important issue in New Financial Reporting Standard (TFRS for SMEs) effective 2017 (6 hours)
2015 Summary the main essence of the changes in TFRS (revised version for 2015) for member and general people 2/2015 (6 hours)
2015 Case study of the Value Added Tax and Withholding Tax (6.30 hours)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, Successor Investments Limited
- Director, ALL Wellness Co., Ltd.

5-Year Past Experiences and / or Remarkable Position

2012 Vice President, CP All Public Co., Ltd.

(%) shareholding (as at December 31, 2018)

Held personally	0.00234*
Held by spouse or minor children	0.00068

Family Relationship among Directors and Executives

-None-

** Remark Included Employee Joint Investment Program (EJIP)*

Business Overview

Business Overview

CP ALL Plc. ("the Company") was established in 1988 by the Charoen Pokphan Group to operate the convenience store business in Thailand under "7-Eleven" trademark. The Company was granted a license to use the trademark from 7-Eleven, Inc., USA. In 1989, the first 7-Eleven outlet in Thailand was opened on Patpong Road. Furthermore, the Company operates other related businesses such as bill payment collection service ("Counter Service Co., Ltd."), manufacturing and sale of convenience food and bakery products ("CPRAM Co., Ltd"), sale and maintenance of retail equipment ("CP Retailink Co., Ltd.") payment for products and services through smart cards ("Thai Smart Card Co., Ltd."), information technology services ("Gosoft (Thailand) Co., Ltd."), logistics services ("Dynamic Management Co., Ltd."), marketing services ("MAM Heart Co., Ltd."), educational institution ("Suksapiwat Co., Ltd."), and training and business seminar services ("Panyatara Co., Ltd." and "All Training Co., Ltd."), including catalog sales and e-commerce business (Twenty Four Shopping Co., Ltd.), and etc. In 2013, CPALL acquired Siam Makro Public Company Limited ("Makro") operating membership based Cash and Carry trade centers in Thailand.

Policy and Company Direction

The Company has strategies to build sustainable growth and profits, to create value-added products and services for customers and society through quality and effective work processes, and to support a learning culture and development of employees through the corporate philosophy, vision and mission as follows:

Corporate Philosophy

Through happy employees,
we desire to see smiles from customers.

Vision

We serve convenience to all communities.

Mission

To create customer engagement with innovative products and services and to enhance good relations with community and society.

With regards to 7-Eleven store expansion, the Company planned to further open approximately 700 new stores annually, with the milestone of 13,000 stores in 2021. With the strategy of being the convenience food store for Thai people, we emphasize on serving ready-to-eat food products with freshness, cleanliness and safety, as well as developing of new products with business partners to offer varieties of new products which are exclusively available in 7-Eleven stores. At the end of the year 2018, the Company had a total of 10,988 stores nationwide. Of the total, 4,834 stores are in Bangkok and its vicinities (44 percent) and 6,154 stores are in provincial areas (56 percent). Regarding type of store, there are 4,894 corporate stores (45 percent), 5,336 Store Business Partner stores (49 percent), and 758 sub-area license stores (7 percent). At present, an average of 12 million customers visit 7-Eleven stores each day.

In 2018, the Company expanded another 720 new stores, both as stand-alone stores and stores located in PTT gas stations to reach more target customers both in Bangkok and its vicinities and provincial areas. At the end of 2018, the Company had 9,414 stand-alone stores (86 percent) and 1,574 stores in PTT gas stations (14 percent).

Significant Changes and Developments

In 2018, the Company's significant changes and developments are as follows:

Completed a transaction for the sale of 230,248,000 shares of Siam Makro Public Company Limited ("Makro") through the SET Big Lot Board, which represents 4.80 percent of the total issued share capital of Makro. The shares were sold by the Company at Baht 44 per share, where the price was obtained from the book building process amounting to Baht 10,130,912,000. The main objective of the transaction was to increase the trading liquidity of Makro shares on the Stock Exchange of Thailand. Following the Big Lot Transaction, CPALL's shareholding in Makro decreased from 97.88 percent to 93.08 percent of the total issued share capital of Makro.

Established the subsidiary, ALL Wellness Co., Ltd, with registered capital of Baht 1,000,000 and par value of Baht 10 each. This new company is wholly invested by CPALL with the objective of providing health and wellness services to communities through innovations in digital systems, improving convenience in healthcare, and offering communities health consultations with medical professionals.

Selected as a member of the Dow Jones Sustainability Indices (DJSI) World Index for the first year, and as a member of the Emerging Markets Index for the second consecutive year (2017-2018). CPALL was the only Thai company in the Food & Staples Retailing Industry Sector that was selected as a member of the DJSI World Index. This achievement was born out of our vision and clearly defined targets for developing an organizational strategy for sustainability, as well as the combined efforts of all management and employees.

Selected as a constituent of the FTSE4Good Index Series for the first year, as part of two index groups: FTSE4Good Emerging Index and FTSE Good ASEAN 5 Index.

Selected for inclusion in the 2018 Thailand Sustainability Investment (THSI) List developed by the Stock Exchange of Thailand, following SET's sustainability assessment of listed companies. In addition, the Company received the Sustainability Report Award 2018 at the "Outstanding" Level, which was organized by the CSR Club, Thai Listed Companies Association, Securities and Exchange Commission, Thailand (SEC), and Thaipat Institute.

Ranked at number 23 out of 100 of "The World's Most Innovative Companies" by Forbes magazine, Jeff Dyer from Brigham University and Hal Gregersen from Massachusetts Institute of Technology (MIT)-being the only Thai company on the list. The list ranks publicly traded companies from around the world according to their creative thinking and innovation capabilities, and employs the measure of "Innovation Premium", which is determined based on investors' confidence in the organization's continuous growth, their drive to continue developing new models and methods for their businesses, and their expansion towards other related businesses. Examples of this expansion for CPALL include the development of the Ready to Eat business, frozen foods, bakeries, retail products and equipment, logistics systems development, and education development.

Company
History in Brief

Company History in Brief

1988

- Granted the 7-Eleven license from 7-Eleven, Inc., USA
- **Established the Company to operate a convenience store business in Thailand under the "7-Eleven" trademark**

1990

Changed the Company's name from "C.P. Convenience Store Co., Ltd." to **"C.P. Seven Eleven Co., Ltd."** and opened the first 7-Eleven outlet at Soi Patpong, Bangkok

1994

Established **Counter Service Co., Ltd.** to operate the business of bill payment collection service

1996

Established **C.P. Retailing and Marketing Co., Ltd.** to operate the business of manufacturing and sale of convenience food and bakery products

1997

Bang Bua Thong

Officially opened Bang Bua Thong distribution center (DC4)

1998

- Established Lotus Distribution Investment Limited
- Became a public company
- Celebrated the 1,000th 7-Eleven store in Thailand

1,000th Store

1999

Established **Retailink (Thailand) Co., Ltd.** to operate the business of sale and maintenance of retail equipment

2000

- Joined with the China Retail Fund, LDC, a fund under the management of **American International Group,** to establish Yangtze Supermarket Investment Co., Ltd. to invest in the supercenter business in the PRC
- Established Shanghai Lotus Supermarket Chain Store Co., Ltd.

2001

Incorporated **Thai Smart Card Co., Ltd.** with 8 alliances

2002

- Celebrated the 2,000th 7-Eleven store in Thailand

2,000th Store

- Co-operated with PTT Public Co., Ltd. to exclusively open 7-Eleven stores in PTT gas stations

2003

- Established **Gosoft (Thailand) Co., Ltd.**
- Established **MAM Heart Co., Ltd.**
- Established **Dynamic Management Co., Ltd.**
- Offered shares to the public and listed the Company on the Stock Exchange of Thailand

2004

- Established **Suksapiwat Co., Ltd.**
- Awarded the **Thailand Quality Class: TQC** at the Thailand Quality Award 2004

2005

- Celebrated the 3,000th 7-Eleven store in Thailand
- Officially opened **Panyapiwat Techno Business School**

3,000th Store

2006

- Officially opened Suvarnabhumi distribution center (DC5)
- Officially launched **"Smart Purse"** card and became the first convenience store in Thailand to offer payment of products and services with Smart Purse, a digital cash card
- Established **Panyatara Co., Ltd.**

2007

- Established **Panyapiwat Institute of Technology**
- Disposed the assets and investment of Supercenter business in the PRC
- Changed the Company's name from **"C.P. Seven Eleven Public Company Limited"** to **"CP ALL Public Company Limited"** and changed trading symbol from "CP7-11" to "CPALL"

2008

- Increased registered capital in Thai Smart Card Co., Ltd. to **Baht 1,600 million** on March 28, 2008
- Completed the restructuring of supercenter business in the PRC on October 31, 2008
- Received the highest vote in Thailand for **"Asia's 200 Most-Admired Companies"** from The Wall Street Journal Asia's survey

2009

- Celebrated the 5,000th 7-Eleven store in Thailand and the 20th anniversary of operating 7-Eleven in Thailand since the first outlet at Soi Patpong, moving towards convenience food store

5,000th Store

- Became the first listed company in the Stock Exchange of Thailand in establishing an Employee Joint Investment Program (EJIP).
- Opened a regional distribution center in Surat Thani

2010

- Officially opened the second chilled distribution center in Suvarnabhumi (CDC2)
- Awarded as the 1st winner among Retailers in Thailand presented by **Euromonitor International, KPMG and Retail Asia Magazine**
- Received the Best CEO Award and the Best CFO Award in the Service Industry at the **SAA Award for Listed Companies** presented by the Securities Analysts Association
- Completion of assets disposition regarding a connected transaction on the investment in Convertible preferred shares (CPS) issued by C.P. Lotus Corporation (C.P. Lotus) to C.P. Holding (BVI) Investment Company Limited (CPH). CPH paid cash for CPS in the amount of HKD 966.5 millions, equivalent to Baht 3,787.7 million on September 30, 2010
- Changed the name "Panyapiwat Institute of Technology" to "Panyapiwat Institute of Management" effective since November 23, 2010.

Suvarnabhumi

2011

Khon Kaen

- Officially opened the regional distribution center in Khon Kaen
- Recognized by Forbes Asia Magazine as one of the 50 best biggest listed companies in the Asia Pacific Region (Asia's Fab 50 Companies)

2012

- Officially opened the regional distribution center in Lampoon
- Changed the name "Panyapiwat Techno Business School" to "Panyapiwat Technological College" effective from January 4, 2012 onwards.

2013

7,000th Store

- Celebrated the 7,000th 7-Eleven store in Thailand
- Acquired **Siam Makro Public Company Limited,** membership based Cash & Carry trade centers
- Achieved an inaugural bond issuance of Baht 50,000 million, the biggest issuing size of Thailand corporate bond
- Awarded Best-of-the-Best Retailers 2013, Asia Pacific, presented by Retail Asia Magazine in partnership with Euromonitor International and KPMG
- Received the **CEO Econmass Award 2013** organized by The Economic Reporters Association

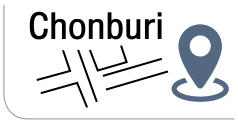
makro Cash & Carry

2014

- Reached 8,000 stores of 7-Eleven
- Successfully issued Debentures no. 1, 2 and 3/2014 totaling Baht 90,000 million
- Established Twenty Four Shopping Co., Ltd, operating on-line business
- Recognized by Forbes Magazine as the only Thai company to be ranked on the Forbes World's Most Innovative Companies
- Inaugurated the 16-storey building "CPALL Academy", Tara Park, Chaengwattana

8,000th Store

- Successfully issued Debentures no. 1 and 2/2015 totaling Baht 33,000 million.
- CPRAM Co., Ltd. CPALL's subsidiary, received the **"Deming Prize 2015" presented by the Union of Japanese Scientists and Engineers (JUSE)**. CPRAM was the first manufacturer in Thailand and the world to receive this prize
- Recognized by Forbes Asia Magazine as one of the 50 best biggest listed companies in the Asia Pacific Region in 2015 (Asia's Fab 50 Companies) for the five consecutive years.
- Recognized by Forbes Magazine as the most innovative company in Thailand for two consecutive years (Forbes World's Most Innovative Companies 2015), which ranked no. 3 in Asia Pacific region, and no.17 in the world.
- Received "Gold" certification from the Thai Green Building Institute
- Officially opened the regional distribution center for consumer products and temperature controlled products in Chonburi and opened the distribution center for frozen products in Chiangmai.



2015

2016

- Reached 9,000 stores of 7-Eleven.
- Successfully issued Debentures no. 1 and 2/2016 totaling Baht 19,000 million to refinance debentures with dued maturity date
- Issued a new subordinated perpetual debenture for the first time on November 30, 2016 amount Baht 10,000 million and they were successfully subscribed by both retail and institution investors
- Established a company for research and development in food (CP Foodlab Co., Ltd.). This new company is totally invested by All Corporation Co., Ltd. CPALL wholly owned subsidiary
- Established a demonstration school of "Panyapiwat Institute of Management". The curriculum allows high school students from M1 to M6, aiming to support learning activity of the Faculty of Education of PIM. This school is totally invested by Suksapiwat Co., Ltd. CPALL wholly owned subsidiary
- Counter Service Co., Ltd., CPALL's wholly owned subsidiary, increased capital amount Baht 30 million, which wholly invested by CPALL, making a total registered capital of Baht 100 million. The purpose of capital increase is to legitimate the notification of the Bank of Thailand in order to apply for an agent license for international money transfer in which only for Inbound Transfer as Thai Baht service
- Awarded as The Top-Pick Brand among retailers in Thailand on the Brand Footprint Report and Ranking conducted by Kantar Worldpanel
- Awarded as Thailand's Most Admired Brand 2016 for four consecutive years from the research organized by BrandAge and selected as the leader among convenience store retailers
- Awarded as Marketeer No.1 Brand Thailand 2015-2016 in the convenience store category and frozen food product category under "Ezygo" brand. The award was presented by Marketeer Magazine to companies and brands that were the most popular among Thai consumer
- Received Energy-Saving Building-1st Level Badge in school and convenience store category from Metropolitan Electricity Authority in MEA Energy Saving Building Award 2015, with the objective to reduce energy usage. 14 branches of 7-Eleven stores passed the criteria and reduced the use of electricity under the condition of the MEA throughout 2016.
- Received Excellence in Consistent TPM Commitment 2015 for CPRAM Co., Ltd. a company in the CP ALL Group which manufactures and distributes ready-to-eat food products. The award was presented by Japan Institute of Plant Maintenance (JIPM) to worldwide organizations that were successful in Total Productive Maintenance system (TPM). CPRAM was the first ready-to-eat Business manufacturer in Thailand who got this award
- Received Ishikawa-Kano Award (IKA) from Dr. Noriaki Kano for CPRAM Co., Ltd. a company in the CP ALL Group which manufactures and distributes ready-to-eat food products. CPRAM was selected by members of Asian Quality Network (ANQ) from 17 countries because the management has promoted, supported and encouraged Total Quality Management (TQM) among the whole organization.

9,000th Store

- Reached 10,000 stores of 7-Eleven.
- Issued 3 times of debentures with a total amount of Baht 25,500 million and issued a subordinated perpetual debenture for the second time amount Baht 10,000 million in order to repay matured debentures amount Baht 25,937 million and exercise call option.
- The Board of Directors approved a capital increase amount USD 38 million in Lotus Distribution Investment Limited (LDI), totaling a registered capital of USD 245 million
- Admitted to the 2017 Dow Jones Sustainability Index (DJSI) Emerging Markets in the category of Food & Staples Retailing. CPALL is the sole Thai and Asian firm to be selected in this category.
- Certified as Private Sector Collective Action Coalition Against Corruption Council ("CAC") Member Company organized by Thai Institute of Directors (IOD)
- Awarded as Thailand's Most Admired Brand 2017 for five consecutive years from the research organized by BrandAge and selected as the leader in retail category.
- Received Energy-Saving Building Outstanding Badge and Energy-Saving Building Excellence Symbol in convenience store category and was certified as Energy-Saving Building-1st level in office building category (Tara Sathon Building) from Metropolitan Electricity Authority in MEA Energy Saving Building Award 2016.

10,000th Store

2017

2018

- Disposed the 230,248,000 common shares of Siam Makro Public Company Limited ("Makro"), representing 4.80 percent of the total issued share capital of Makro at the price of Baht 44 per share amounting to Baht 10,130,912,000. The main objective of this transaction is to increase the trading liquidity of Makro shares in the Stock Exchange of Thailand.
- Established ALL Wellness Co., Ltd. with the registered capital of Baht 1,000,000 and par value of Baht 10 each. This new company is wholly invested by CPALL with the objective to provide health and wellness services to the communities with convenience, innovations and digital technology, as well as giving healthcare consults by medical professionals.
- Officially opened the regional distribution center for consumer products in Burirum.
- Admitted as a member of the Dow Jones Sustainability Index (DJSI) World Index, as well as Emerging Markets for the second consecutive year (2017-2018). It is a DJSI member in the category of Food & Staples Retailing.
- Admitted as a member of FTSE4Good Emerging Index, and FTSE Good ASEAN 5 Index for the first time.
- Admitted as a member of the 2018 Thailand Sustainability Investment (THSI), as well as received the 2018 Sustainability Report Award at an outstanding level from CSR Club in collaboration with Thai SEC and Thai Pat Institute.
- Admitted as the 23rd of the "World's Most Innovative Companies" in Top100 global companies by Forbes in collaboration with Jeff Dyer from Brigham University, and Hal Gregersen from Massachusetts Institute of Technology (MIT). CPALL is the sole Thai company to be selected in this.

ALL WELLNESS

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Burirum

Nature of Business

Revenue Structure

The majority of the Company's revenue is derived from net sales and services, which can be categorized (before deducting connected transactions) into three groups as follows:

Business Unit	2016		2017		2018	
	MB	%	MB	%	MB	%
Convenience store (7-Eleven)	278,246	57	302,584	57	335,532	59
Cash and Carry (Makro)	172,792	36	186,757	36	192,932	34
Others/1	32,701	7	35,863	7	40,885	7
Total revenue	**483,739**	**100**	**525,204**	**100**	**569,349**	**100**

/1 The category comprises CPRAM's business in production and distribution of ready-to-eat food and bakery, Counter Service's business in bill payment services, CP Retaillink's business in distribution and maintenance services for retailing equipment, as well as revenue from other subsidiaries.

Convenience Store

Nature of products and services

The Company is the sole operator of 7-Eleven convenience stores in Thailand, being granted exclusive rights from 7-Eleven, Inc. to conduct business under the Area License Agreement.

Over the past decades, the Company has managed its convenience stores through its network scattered in different areas, namely, residential areas, offices, academic zones and gas stations, covering every province across the country. In 2018, the Company has a total of 10,988 stores.

Types of 7-Eleven Stores

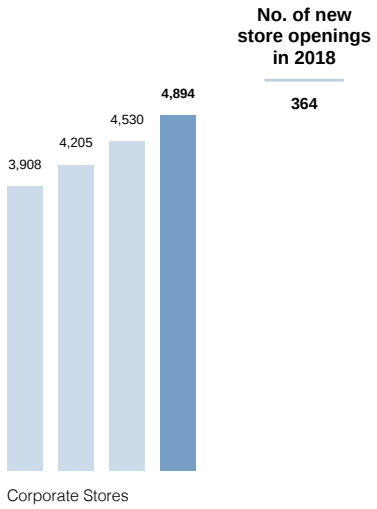
7-Eleven stores can be categorized into three types based on ownership as follows:

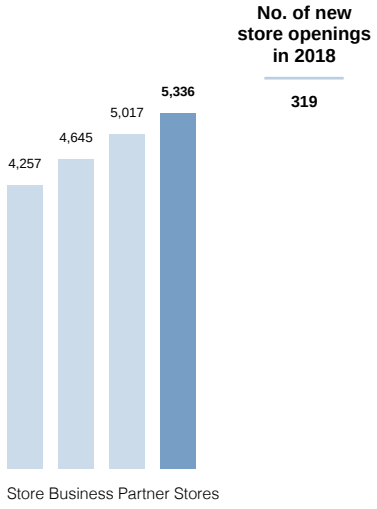
(Unit : stores)	2015	2016	2017	2018	No. of new store openings in 2018
Corporate Stores	3,908	4,205	4,530	4,894	364
Store Business Partner Stores	4,257	4,645	5,017	5,336	319
Sub-Area License Stores	667	692	721	758	37
Total	**8,832**	**9,542**	**10,268**	**10,988**	**720**

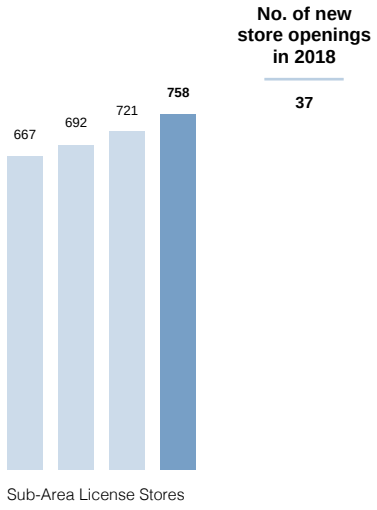
1) Corporate Stores: The stores are wholly-owned and managed by the Company. The Company invests in retailing equipment, store decoration and inventory as well as manages the stores.

2) Store Business Partner (SBP) Stores: The Company offers an opportunity for any person including employees to operate their own 7-Eleven stores under a modern system. The Company will provide close support in operating the business, knowledge and understanding of management, principles of product assortment, as well as a financial system. Other supports are regular nationwide sales promotion and advertising plans.

7-Eleven stores can be categorized into three types based on ownership as follows:







In addition, the Company regularly sends a team to advise new management techniques. SBP can either choose a new location or an existing store. In case a SBP has his own location, the Company will help with the feasibility study without any charges. The term of the SBP agreement and the benefits depend on the type of SBP.

3) Sub Area License Stores: The Company engages in sub-area license agreements with local entrepreneurs to operate 7-Eleven stores in the territory as specified. Currently, 4 sub-area license agreements operate their business in Phuket, Yala, Chiang Mai and Ubon Ratchathani province. The Company will provide assistance and support under the agreed conditions.

Product Mix of 7-Eleven

The Company's major products are categorized into two groups. The distribution of daily-life consumer products comprises foods and beverage, accounting for approximately 70%, mainly including drinks, ready-to-eat foods and fruits, bakery products, desserts and All Café, etc., and non-food products excluding phone card, accounting for approximately 30%, mainly including personal care products and household products, etc.

The Company recognizes and monitors the rapid change of technology as well as the transformation in the digital era and cashless society in the government and business sectors. Such factors have continually impacted on daily life and decision among consumers. Convenience and speed from anywhere, anytime accessibility to goods and services have played more important role on consumers' buying behavior. The Company, thus, has developed its new strategies, and consistently improved its goods and services to keep up with such change. This enables the Company to introduce and deliver new experiences which could meet customers' changing needs to retain existing customers while consistently expand new target groups by means of digital marketing, sales promotional campaigns via mobile applications, and financial services i.e. Counter Service Pay to facilitate customers, or additional payment methods for goods and services such as through Alipay, UnionPay and credit card to provide faster payment options, and by e-Wallet payment via the application "True Money Wallet". Moreover, pick-up service is made available. Customers can pick up goods at store. Delivery service has also been provided under the name of "SPEED-D" at 7-Eleven. The Company provides convenient delivery at 7-Eleven convenient stores throughout 24 hours.

Moreover, the Company has studied and monitored population and social changes as well as customers' changing needs and expectations. Consumer behavior and lifestyle of each target group are vital to making plans on products and services, marketing, research and development, and selection of good-quality products and services to satisfy the demands of different target groups in each area or location, in keeping up with new trends and market changes.

Nature of Customers

The Company provides services with convenience to customers through its store network, scattered in every community. The Company's customer groups are diversified, including people of every gender and age with different occupations who live and engage in daily activities near 7-Eleven stores. On average, a total of 12 million customers nationwide per day purchased products and services from 7-Eleven stores in 2018.

The Company has paid attention to studying on its customers visiting 7-Eleven stores, not merely taking into consideration their age but also their lifestyle. The Company has anticipated that 7-Eleven stores could address customer daily life of each and every person. The Company, therefore, has tried its best to select the products which best suit customers in each location. Moreover, products and services have been well planned to be provided adequately and accordingly to customer needs during each time period. Each location has different prime selling time, ranging from daytime, nighttime, working days, weekends, festive seasons or significant events in each area.

Strength and Management Excellence

For over 30 years, 7-Eleven stores have become a part of Thai consumers' life. It provides customers with convenience in purchasing through its store network of 10,988 stores that scattered in every community. The Company has consistently expanded its store network to best cover and reach the customers' demands. This causes the Company to have the most market shares in retail chain of convenience store. In 2018, the Company has expanded another 720 stores. The total stores in Bangkok and its vicinities are accounting for 45% and those in provincial areas are accounting for 55%.

New stores have been increasingly expanded in strategic locations to cover more target groups such as stores in condominiums, offices, universities and high-income customer potential areas. Additionally, the Company has prepared for its readiness to serve new customer groups which are tended to increase in the future, for instance, elderly people, tourists and Muslim tourists, expatriates working in Thailand, customers residing along country borders, etc. The Company has also developed and renovated existing stores to keep abreast of modernity while maintained the quality of its new store growth.

Another strength of the Company is the number of customers. More than 12 million customers shop at 7-Eleven stores per day. The Company focuses on studying and understanding customer insight for making plans and modifying strategies to select and develop potential, appropriate products and services which can respond to change in a timely manner and in line with each group of customer behavior in each location. In addition, the importance of developing and elevating the quality of service mind and signature service has been highlighted. The service-mind culture has been embedded and enhanced among employees at all levels, under the concept which believes that excellent service provision starts from happy employees who enjoy working and gain positive service mindset. This will result in a delivery of impressive experience, differentiation and long-term engagement with customers by warm service and friendliness of our employees.

Furthermore, the business alliance network within the Charoen Pokphand Group which covers diverse businesses in many countries together with the global 7-Eleven network, enhances the capability and efficiency in managing 7-Elevenn stores by sharing knowledge and best practices among each other. Meanwhile, the Company has also extended alliance network to government agencies, private companies, as well as educational institution to gain business knowledge and know customer's demand thereafter the Company can offer products and services with good quality, good price, and differentiation which enhances sales opportunity.

Additionally, the Company has its own large distribution centers throughout the country as well as modern, efficient management system, ensuring store branches to receive goods completely in a timely manner and prevent from losing sales opportunity. This enables the Company to maintain the quality of its goods until they reach customers' hands. Hereby, the Company is a retailer owning the largest distribution center area in the country.

Market and Competition of Convenience Store Business

In 2018, Thailand has faced economic challenges resulted, especially, from external factors such as export and tourism which started to show the sign of deceleration during the second half of the year as an effect from the trade war, the world's economic volatility, and the decreased number of tourists, especially Chinese after the shipwreck off Phuket accompanied by China's economic condition which has shown the sign of slow growth. Meanwhile, domestic purchasing power has gradually risen, partly resulted from the government's economic stimulus measures and investment, expanding towards communal grassroots through activities such as the "Amazing Thailand Go Local" campaign, the Welfare card, the "Shop Chuay Chart" shopping campaign aiming to help farmers suffering from price drops while directly promoting the community's economy, and the rising of minimum wage to inject more cash into the economy system. Nonetheless, the debt obligation which remains at a high level makes consumers to consider more thoroughly when making a purchase.

Under the economic pressure and gradual recovery of consumers' purchasing power, there is a wide variety of shopping choices for consumers. Consumers can check information and consider before buying products. Challenges and competition models for retailers in

2018 is the step towards the digital and cashless society. More payment would be made through digital platform. Consequently, consumers' behavior and decision on buying have been changed. They desire convenience, speed, information access and the ability to pay for products and services anywhere, anytime and via any equipment. Such delivery of positive and impressive experience to customers, amidst a severe competition among both offline stores and online platform, Thai Retailers Association has evaluated that Thailand's retail business outlook in 2018 has expanded for 3.0% with total value worth approximately Baht 3.5 trillion.

The number of convenience stores in the type of chain store in 2018 is 17,205 stores, to which 954 stores have been added. Most of such increase is a result of store expansion and new concept stores of 7-Eleven. At the same time, other retailers mostly focus on renovating their existing stores to be modern and address their consumers' changing behavior. The stores are designed to support online market, with more marketing mix of offline and online platform. However, this year the Company's market share in the convenience store business is accounted approximately for 64%. Other retailers, namely, Tesco Lotus Express and Family Mart, were accounted for 9% and 6%, respectively.

Numbers of Convenience Stores, both Stand-alone and in Gas Stations

(Unit : stores)	2016	2017	2018
Stand alone convenience stores	12,655	13,515	14,237
• 7-Eleven stores	8,210	8,814	9,414
• Others	4,445	4,701	4,823
Convenience stores in gas stations	2,509	2,736	2,968
• 7-Eleven stores	1,332	1,454	1,574
• Others	1,177	1,282	1,394
Total convenience stores	**15,164**	**16,251**	**17,205**

Remark : Major convenience stores in chain store format
Source : Compilation by CP All Plc

In 2019, Thailand economic growth is tended to expand slightly. The Office of the National Economic and Social Development Board has estimated that the expansion would be 3.4-3.5% in accordance with household expenditure, investment in private sector and that in government sector, which continues to expand at a great extent. Particularly, many infrastructure projects have been progressing well, for instance, skytrain project, development schemes under the Eastern Economic Corridor (ECC) project, as well as tourism sector which is expected to grow after the deceleration during the second half of the year 2018. The general election arrangement in the first quarter of 2019 is likely to build confidence among the business sector, stimulate the investment in private sector and bring about the recovery of purchasing power as well as confidence of consumption.

Nonetheless, the volatility of global economic and financial system has still been one of the risk factors which must be closely monitored. Furthermore, oil price and interest rates will impact on costs of business operation. Thai Retailers Association has forecast that retail market in 2019 would increase by 3.5-3.8%, with total value worth approximately Baht 3.6 trillion. It is found that modern technology, which has played more important role in consumer daily life and business operation, enables people to be acknowledged and compare product prices through a wide range of channels and sources available around the globe. As a result, prices could not be increased as fast as it used to. In 2019, thus, it is expected to see the picture of competition in the form of transformation into future trading which integrates offline and online stores called Online-to-Offline (O2O). Additionally, technology will be implemented to help analyze data and to understand consumer behavior through in-depth studies. The studies will help the business to understand and better address the changing behavior of each consumer group in the new era, to create more business opportunities by delivering products and services through marketing and selling, providing fast payment and delivery to deliver good and impressive experience to customers, applying technology to reduce redundant works, and implementing automation system to manage costs, reduce losses and fasten the process, making it more efficient.

Strategy and Direction for Business Operation

The year 2018 was a challenge for the Company in many perspectives due to dynamic and violent changes in retail business. Main factor was the technology advancement, which played an important role in providing fast and convenient accessibility to products information, purchasing and payment channel, and new, diverse business platforms. To keep up with the possible changes, leading to business opportunities, the Company has defined short-term and long-term strategies to cover, align with and respond to current and future consumers' way of living and expectation. This is expected to cope with more violent competition, keep and increase customer base in the existing market, and expand to reach more new target groups. At the same time, the Company shall consistently develop and elevate the level of operation and management to gain efficiency, including cost management and improvement for fast and good-quality working procedures based on a customer-centric scheme, as well asconduct its business considering all groups of stakeholders in order to grow sustainably in the future to come.

Strategy to Respond to Consumers' Change, Leading towards the Sustainable Growth

The Company well recognizes that, at present, the retail industry is undergoing a transitional stage. It is, therefore, necessary for businesses to adjust themselves fast enough to be prepared for the change. On the other hand, the Company is obliged to keep a balance of business expansion to be ready for business growth opportunities, influenced by the rise of urban societies and consumer behavior in the new era. Meanwhile, it needs to operate its business in line with the sustainability development in economic, social and environmental dimensions. The Company's core strategies have been identified as follows:

1. **Strategy to expand and develop stores, covering and addressing the customers' demands in each location (Store Expansion & Innovative Store)**

The Company focuses on expanding stores for more coverage to increasingly provide customers with convenience. Both existing store renovation and new store expansion are in the format that can efficiently facilitate its customers in accordance with each group's behavior and lifestyle. The Company has targeted to open 700 new stores per year, to achieve 13,000 stores by 2021. Efficient store expansion on strategic locations helps maintain the market share firmly. The main goal of store network expansion shall align with the expansion of urban communities, both in primate and secondary cities in accordance with the expansion of infrastructure, touristic places, and other strategic locations through business partnering with alliances, including real estate developers, hospitals and academic institutes, for instance, to open new stores in condominium, offices, universities and high-income residential areas. To address personal car commuters, urbanization and service area expansion to reach more customers, more stand-alone stores are expanded with the provision of parking lots. In 2018, the Company had a total of over 2,000 stand-alone stores, with an increase in store size for more sales area and product variety, to gain more business opportunities.

Moreover, the Company highlights the importance on new innovations by integrating the technology into its stores to create fast and convenient purchasing experience, to address young generation's lifestyle, and to keep abreast of the digital era. Model high-technology stores equipped with digital advancement have been developed, with the integration of innovations, technology, facilities, digital menu board, self-checkout machines, 24 shopping kiosks, together with environment-friendly equipment. An example of the model store is the Panyapiwat Institute of Management (PIM) store and the store in the ICON SIAM department store.

2. **Product strategy, especially food and beverage to gear towards fully 24-hour ready-to-eat convenient stores**

The Company focuses on developing food and beverages to address cities' and young generation's lifestyle as well as to keep up the trend of health-conscious consumers. This is one of the Company's missions. In addition, the Company has highlighted on studying and in-depth understanding customer insight to select and develop products align with market direction and in keeping up with social trend together with changes of customer behavior in each group, each location. This aims to provide customers with diverse

products and services to address customer's daily life's need so that 7-Eleven can be customer's top-of-mind food and beverage destination. By doing so, the Company has developed food and beverage to be outstanding and differentiated from competitors i.e. enhancing good taste, more variety of menus, new innovative products, increasing product value, as well as increasing benefits and nutrition of products to foster healthiness and wellness of Thais. 7-Eleven strives to provide more healthy food and drink such as ready-to-eat fruit/vegetable, low-calorie food and low-sodium food in order to address trend of health-conscious and aging society. In addition, now a day 7-Eleven is able to offer meal box in every store nationwide. Meantime, the Company together with strategic alliance have developed new food menus under quality control by world class chief to extend food assortments on 7-Eleven shelves. This is to serve customers' demand for meal and supper which are as many as 7 meals a day. Currently, we focus on food for dinner and ready-to-eat homemade cooked-rice which provide a convenience to customers who desire to join meal with their family at home.

To respond new generation lifestyle, the Company increased the number of freshly brewed coffee corner "All Café' and "Kudson" to feature in more than 6,400 stores nationwide, we have served our customers with hot and iced coffee and non-coffee menus, including freshly in-store baked bakeries. Meantime, "Bellinee's Bake & Brew", our premium bakery and café located in malls and educational campuses, has been known well among high school and university students as well as contributed impressive growth so we plan to expand its outlet to cover more demand in provincial areas.

At present, more than 790 7-Eleven stores have offered halal food to our customers, the Company also plans to increase product assortment of halal products and expand to cover more stores in the near future to support the growing number of Muslim tourists. Meantime, during the festive seasons especially "J-food festival", the Company also developed more than 300 J-food and drink menus to serve the customers for every meal in one day. Our products are convenient, tasty, hygienic, affordable and diverse.

Not only has the Company focused on offering product variety, but controlling food safety standards has also been put on top priority. The Company has developed the efficiency increase system in supply chain system and the traceability, to elevate the product quality in every process ranging from the production, transportation and store management, ensuring that customers receive fresh, quality products in every meal through all 7 days.

Apart from an emphasis on food and drink products, to address the customer behavior based on health and beauty concern as well as the increasing number of elderly people in Thai society, the Company focuses on the selection of a wide variety of health and beauty products, including herbal products. All Beauty Corner was increased to cover many stores nationwide. First-aid drug and health product corner "eXta" was also added in 7-Eleven stores nationwide, with an aim to distribute quality drug with easy access for everyone and be a reliable drugstore in the community, to foster good health among Thai people throughout the country.

3. Digital strategy to enhance operational efficiency and create good experience for customers

The Company is aware of and monitors the fast-pacing change of technology which enters into customers' daily life and impacts on their decision unceasingly. This is integral to plan making for self-adjustment. Technology is incorporated to enhance our competitive advantages and productivity, this also help our employee both at the back office and at the stores to speed up their work done. Meantime, technology also brings about new business opportunities, it can use as a tool to reach and understand customers' need as well as it is an additional channel for customers' convenience to create an impressive experience of online shopping, fully integrated to store network without boundary, as Online-to-Offline (O2O). The Company aimed to develop process and IT in order to integrate all various channels to become one. This is to serve customers with more convenience and option to easily access products and services anywhere, anytime, through the fully integrated channels ranging from E-Commerce, catalogue to phone which operated by 24 Shopping Co., Ltd. not only a shopping via physical stores. Meantime, 7-Eleven stores have offered to customers to place order for any products which is not available at store or pre-order their shopping at stores. With 10,988 7-Eleven stores nationwide, we also utilize our store network as pick-up point service for 7 days 24 hours in every store. This is to create new customers' experience by means of convenience and worthiness amidst trend of digital lifestyle of Thais.

Not only the above mentioned, technology is also used to help in-depth understanding customers' behavior through direct or indirect multi-channels with various methods consistently. The Company conducts customer survey, listen to voice of customer through many channels especially internet and social network platform, including customers' behavior observation. The information obtained is brought to conduct the in-depth data analysis, utilizing suitable technology to achieve fast and accurate output, leading to business design and modification to address the digital society.

Customer relationship management has been conducted to foster the efficiency of customer communication and accessibility. By doing so, the Company has increased the communication channels and conducted digital marketing activities and promotion through mobile application, to enhance customers' engagement. Digital communication channels were also added to provide information and receive customers' opinions through Facebook "7-Eleven Thailand", "Line" application, Youtube, and Instagram

In regard to financial services, provision of more options for bill payment has always been highlighted. Especially in the present time beginning to enter the digital and cashless society, the Company has developed the form of payment inside 7-Eleven stores, utilizing barcode through mobile payment by "Alipay Wallet", "WeChat Pay", "Union Pay" and "True Money Wallet". At the same time, the Company has added the payment channel via credit cards, to facilitate and motivate customers having higher expenditure per bill as well as increased tourists each year, especially Chinese tourists. To support the new business opportunities, the Company has kept studying and exploring for the financial service business such as being a banking agent to respond cashless and digital society through business competency of Counter Service and Thai Smart Card, the Company's subsidiaries.

4. Logistics strategy to improve the efficiency in product delivering and prepare for the expansion into the digital era

To ensure that stores receive its goods completely, timely, and without losing any sales opportunities as well as maintain its product quality until reaching the hands of customers, the Company emphasizes the significance of expanding distribution centers appropriately in numbers and locations, in order to be capable of distributing a wider variety of products in terms of types, service providing locations, diverse channels, both online and omni-channels (O2O), and product delivery, either to stores or customers' home. In the meantime, operational efficiency and effectiveness of relevant parties are also enhanced throughout the supply chain by modern and more efficient management system. Automation technology system is brought to help improve cost management, reduce losses and notify every movement, and monitor the operational processes to deliver the products through transport routes correctly and precisely.

Besides, in terms of providing fast and safe delivery of goods to facilitate customers, SMEs, and online stores, the Company has launched the delivery service under the brand "SPEED-D" at 7-Eleven convenient stores. Such service is designed to provide convenience in sending and receiving goods at 7-Eleven stores throughout 24 hours. Customers can choose the place to receive the parcel, be it at home or 7-Eleven stores at their convenience. Currently, the service has been provided at 7-Eleven stores only in Bangkok and vicinities, for over 3,800 branches, and is aimed to cover every branch in 2019.

5. Strategy in sustainability by operating business based on good governance and being a good corporate citizen

The Company recognizes that, for being a quality, sustainably growing corporate, a fundamental factor is to establish confidence and trust among the society, community and stakeholders by operating business with a focus on sustainable development in all dimensions, ranging from economic, social and environmental aspects, on a basis of governance principles, transparency, anti-corruption. The Company, thus, embeds the awareness among all employees to do their job with honesty, ethics, and concerns on the community, society and environment, by creating shared value (CSV) throughout the operational processes.

In 2018, the Company has announced the intent of "reduce and stop using plastic bags" at all 7-Eleven stores nationwide. According to the Company's commitment to develop communities and the society harmoniously with the environmental conservation,

the Company has tangibly proceeded the campaign to reduce and stop the use of plastic bags through the "7 Go Green" project since 2007. Until now, the campaign has continued for over 10 years. The project has gained collaboration with many leading educational institutions to abstain from plastic bag use. Furthermore, giving plastic bags has been prohibited in the Company's office buildings, hospitals and natural attractions, etc.

With sustainability development schemes seriously and tangibly undertaken over a long period of time, the Company was recognized as a member of Dow Jones Sustainability Indices (DJSI) 2018 in the Word Markets, Food & Staples Retailing Sector. The Company is the only Thai and Asian company selected in such industry. Additionally, the Company continues to be awarded as a member of the Emerging Markets Index for two consecutive years (2017-2018). Such achievement is derived from the vision of management and collaboration of each and every employee, with a definite goal to make the business thrive sustainably.

In addition to the mentioned principal strategies, the Company remains emphasizing the establishment of fundamental basis and developing supportive factors promptly to foster firm and sustainable business growth as follows:

1. Strategy to establish business alliances for collaboration and business advancement

As business alliances throughout the supply chain are vital to business strengthening, the Company places high importance on building a network of alliance and collaboration at different levels, including alliance with the Charoen Pokphand Group, owing a diverse range of business, and global 7-Eleven network, to exchange their know-how and best practices, leading to the increase in capability to satisfy customers' demands and the selection and development of different, varied products and services. The Company has also developed the capability of business partners, including producers, store business partners, logistic companies and minor entrepreneurs through knowledge sharing, consultancy and training to drive their business in keeping up with the Company's growth. Additionally, the Company has stipulated the policy to enhance and promote the products from small and medium-sized enterprises (SMEs) producing quality, standardized products which gain popularity, such as processed fruits, drinks, bakery and beauty products, for instance. The Company will be a distribution channel for those enterprises, of agricultural products and processed agricultural products in particular, with an objective to help increase the value of agricultural products and better the farmers' standard of living.

Besides, the Company reinforces new creative ideas to fabricate valuable innovations. The collaboration between CPALL and 11 alliances from government and business sectors, including researchers and the Incubation Center on Business Innovation of several universities throughout Thailand, is formed to provide Thai business partners and SMEs with opportunities and channels to showcase their innovative, quality products through 7 Innovation Awards in the "Thailand Synergy for Thai SMEs". This is a means by which each company converts its own knowledge to create value added for the benefit of the economy, the society and the nation.

2. Strategy to instruct people for the preparedness concerning high potential personnel and organizational engagement as readiness for the business expansion

Bearing in mind that personnel are the heart of the business and sustainable growth, the Company has highlighted on people development based on the business operation under the corporate philosophy believing that "We wish smiles from customers, brought by happy team."

Thus, the Company is committed to develop the capability of the employees to be good people equipped with great ability, create teamwork environment, and learn to understand the differences of people in each generation, so that employees at all levels can work together harmoniously. Furthermore, employee engagement survey is conducted yearly to listen to employees' opinions and suggestions. Information obtained from such survey is brought to develop and improve working procedures, welfares, career path planning for employees at each level. This sustainably enhances employees' love, engagement, and pride in the Company. It is then reflected through further delivering the value and services with happiness to customers.

To build and develop its personnel to gain capabilities and be able to respond to the country's retail business expansion, the Company has initiated and consistently reinforced the education and development for qualified personnel through dual vocational system or the dual system of learning and training, in conjunction with the Office of the Vocational Education, through Panyapiwat Technological College, offering the education at the level of vocational diploma, and Panyapiwat Institute of Management, offering the education at the bachelor, master and doctorate degrees, in both Thai and international courses. This can be cited that the Company takes an important part in developing the country's education system, particularly the courses in retail business management to be up-to-date and well address changes of consumers and modern businesses.

Giving education opportunities to poor children and youth, the Company collaborated with Panyapiwat Technological College to grant scholarship namely "CPALL 1 Program 1 Scholarship" to any youth who looks for opportunity to study at the level of vocational certificate-retail business program, and vocational diploma - business management in retailing at Panyapiwat Technological College or at any 20 Panyapiwat Learning Centers located in each region, or any Private educational institutions in cooperation throughout the country as well.

Due to fast-pacing changes in todays' world, the Company recognizes that skills necessary for living and working in the future must be prepared and formed since one's childhood. In 2017, Panyawat Institute of Management Demonstration School (Satit PIM) was opened for the education of secondary school (M.1-M.6). The teaching method is based on a student-centric approach, learning by true experience, and knowledge linkage for daily life applies, to groom Thai children as the world's citizen in the 21st century.

3. Preparing infrastructure and information technology system as readiness for business expansion

To enhance future business expansion with a stable growth, in terms of the development of infrastructure to support retailing business in the digital era and the improvement of technology, the Company studies on big data, Internet of Thing (IoT) and Artificial Intelligence (AI) to be applied, with an objective to increase its efficiency and maintain its competitiveness over competitors. The Company has also highlighted on adjusting workforce and organization to keep up with business operation in the digital era. The modification was enacted in the dimension of working culture, personnel's skills and competencies, organizational structure, work patterns and human resources management. The Company focuses on improving work process efficiency by means of selecting and applying the suitable Robotic Process Automation (RPA) into, for instance, service and work processes.

One of the major factors among technological advances in the current business world is that information technology is inevitably necessary. Cyber security is, thus, extremely crucial. The Company has stipulated the policy on information technology governance, along with the business operation, to control, audit and oversee all work processes operated by the information technology system. This could rest assure that every step of the Company's work process is transparent and traceable.

4. Development of innovation excellence for being a quality organization which grows sustainably

Among dynamic changes nowadays, innovation is the heart of the business. It creates differentiation and business advancement to strive firmly and sustainably. The Company, therefore, enhances and drives the "Culture of Innovation" within the organization. The Company places high importance on learning and developing new creative ideas unstoppably, to fabricate valuable innovations which enhance maximum efficiency and effectiveness of the business operation. The Company focuses on internal development of new innovations, by reinforcing all employees to participate in creating innovative procedures, products and business concepts. Such knowledge is disseminated through contests of the Innovation Days and the Process Excellence Award, both of which are held yearly. Besides, the Company also reinforces external innovations. The collaboration between CPALL and 11 alliances from government and business sectors, including researchers and the Incubation Center on Business Innovation of several universities throughout Thailand, is formed to provide Thai business partners and SMEs with opportunities and channels to showcase their innovative, quality products through 7 Innovation Awards in the "Thailand Synergy for Thai SMEs". This is a means by which each company converts its own knowledge to create added value for the benefit of the economy, the society and the nation.

Delivery of Products and Services

The Company strives to continuously develop its value chain to deliver the best to customers. In terms of logistics development, in 2018 the Company has a total of 8 regional distribution centers for consumer products, 9 distribution centers for temperature-controlled products and 2 distribution centers for frozen products, making the Company as the retailer who owns the largest area of distribution centers covering nationwide. The Company continues to give importance to increasing the number of distribution centers to support store expansion which some of these distribution centers are under construction that expected to be completed by 2019.

With cost management to foster productivity of transportation cost to revenue from sales and to support new store expansion in the future, the Company has modified four-wheel truck by expanding its carrying space for goods, increasing its efficiency of containing and shipping, reducing number of trucks within its transportation system as well. This helps to decrease transportation cost significantly. The Company has also initiated the development of intelligent logistics information centers (Live Center) to gather real-time information of logistic supply chain, ranging from downstream to upstream. The Company can utilize this information to forecast and manage its logistics system correctly and accurately. This enables the Company to maintain the quality of goods from factory until they reach customers' hands.

Cash and Carry Business

Types of Products or Services

Siam Makro Public Company Limited is the operator of membership based Cash and Carry Trade Centers, registered under the name of "Makro", distributing consumer products to customers nationwide. Its target groups are small and medium-sized enterprises, namely, retailers, HORECA, institutions and business service providers. The Company conducts its business upholding customer-centric approach, emphasizing on satisfying different customers' demands of over 3 million members. This results in prominent and firm growth of Makro's business in Thailand, gaining trust from enterprise customers as their business partners for over the past 29 years. The Company still places importance on self-adjustment to keep abreast of the modernity at all times, to continually develop products and services to truly meet the professional business operators' demands which dynamically changes in the digital era. The goal is to uplift the living quality of related parties, wherever Makro's business has been operated.

At the end of 2018, Makro had a total of 129 stores nationwide, including 79 Makro stores, 25 Makro food services stores, 13 eco plus stores, 5 Makro food shops, and 7 Siam Frozen shops. Moreover, Makro has a total of 3 overseas stores: 1 in Cambodia and 2 in India. Additionally, the Company operates import-export business and distributes frozen and refrigerated food along with services in storage and delivery in Thailand, Vietnam, Singapore, Hong Kong, United Arab Emirates and Cambodia. It also operates other related businesses and support the Company's core business through its subsidiaries' business operation.

Nature of Customers

Currently, Makro's core customer groups consist of:

- Retailers: Retail operators selling consumer products that are scattered across the country, including grocery stores, minimarts and stationery stores, etc.
- HoReCa: Operators of Hotels, Restaurants and Catering, including small restaurants, food stalls, and food carts. Most are small and medium-sized operators that sell a variety of foods
- Service professionals: Government agencies and various professional businesses including companies, service offices, government organizations, schools, beauty parlors, printing houses, laundry shops, and general operators in the service sector

Future Business Plan of Cash and Carry Business

Amidst the increasing number of competition and dynamic changes in consumer behavior, the Company has defined the strategic plan to drive fast and firm growth of Thailand's economy. Makro has adopted a customer-centric strategy and searched for new opportunities for overseas investment with the vision of "becoming the number one supply provider of fully-integrated food businesses for professional enterprises". It is committed to developing its outstanding capabilities to achieve the Company's goal of being "partner…for the better life" under the collaborative synergy which supports knowledge, expertise and experience within the Charoen Pokphand Group. The Company strongly believed that it will drive Makro's business to grow firmly and sustainably in the future. Furthermore, the Company is committed to the development of new store formats, and new products and services as well as continued with development projects such as extending new operating systems to Makro store level, developing platform for e-commerce and full preparation for overseas expansion such as India and the Republic of China, etc. After the circumspect feasibility in overseas business conduct, including investment law and behavior culture in the targeted countries for instance, the Company focuses on searching for local business alliances to create competitive advantage for fast and firm growing business development. It also recruits and trains local personnel for prompt operation, with the objective of supporting the main business coupled with building a strong foundation for the organization.

The Company will continue its expansion into high potential and growing economies - Cambodia, India, China, and Myanmar. Entering these high-growth markets marks an important step to becoming a regional player. Such expansions will be focused on providing a diverse array of store formats to cater to the demands of each market, which accommodate local lifestyles and business environments. In this endeavor, the Company has conducted extensive research into the differences in cultures and business practices of each market, and have clearly identified target customer groups, with the understanding that a thorough knowledge about the countries in which we serve and operate is crucial to a successful market entry-and thereby the expansion of our market share. And while the Company plans to bring forth its know-how and expertise from Thailand, we will be gaining at the same time valuable insights and knowledge from abroad that can be applied to enhance our businesses. Examples include innovative digital technologies used in India, which can serve as the basis for the development of digital platforms in Thailand; bringing successful e-commerce and digital marketing strategies from Thailand to Cambodia; and studying the success of the cashless society in China. Meanwhile, the Company will continue to seek and build local partnerships in the region to strengthen our competitive advantage and grow fast, but grow strong.

With regards to food service, the Company has established the Food Service APME Business Group, to drive the food service business of Makro's subsidiaries in six countries, namely, Thailand, Cambodia, Vietnam, Hong Kong, Singapore and United Arab Emirates to incorporate its business network into one synergy under the brand "Siam Food Service" in Thailand and "Indoguna", gaining long reputation and strength in owned brand which is well-known in overseas market and represents premium products.

Please see additional details in Form 56-1 of Siam Makro Public Company Limited under the section 2: Nature of Business.

Risk Factors

1. Risk from 7-Eleven Trademark Termination

The Company operates its convenience store business under the Area License Agreement entered with 7-Eleven, Inc., USA since November 7, 1988. Under the terms, the Company is granted a license to operate convenience stores in Thailand under the "7-Eleven" trademark including related trademarks and to obtain training and technical assistance in convenience store business from 7-Eleven, Inc. On August 20, 2003, 7-Eleven, Inc. entered into the Consent Agreement which is an agreement among the Company, the Charoen Pokphand Group ("CPG") and 7-Eleven, Inc. under which 7-Eleven, Inc. has agreed to give consent to the public offering of shares and the listing of shares for trading on the Stock Exchange of Thailand. The Area License Agreement does not specify the term of the Agreement. However, both parties have the right to terminate the Agreement if any event stipulated in the conditions does occur or if there is any event which constitutes a cause for termination under the Consent Agreement and also results in termination of the Area License Agreement. In case the Area License Agreement is terminated, the Company will lose its right to use the trademark, which will significantly affect the Company's business. In such case, the Company might also be required to pay damages to 7-Eleven, Inc. In addition, if the relationship between the Company or CPG and 7-Eleven, Inc. turns sour, the Company may not obtain appropriate assistance from 7-Eleven, Inc.

The Company's Risk Management

For over the past 30 years of good business relationship, the Company has never had any critical conflict with 7-Eleven, Inc. Furthermore, the Company has followed the regulations as per the agreement since signed date i.e. by end of 2018 the Company operated 10,988 7-Eleven stores nationwide, which is higher than the minimum number of stores to be maintained under the agreement, royalty fee is regularly paid for the period of time as stipulated in agreement, or the Company continuously maintained a reputation of the trademark. The Company believes that the relationship of itself and CPG with 7-Eleven, Inc. remains good and that its business operation under the "7-Eleven" trademark is of mutual interest. So far, the business relationship and assistance have been satisfactory. The chance that such relationship will turn sour is unlikely. At present, there is no reason to believe that there would be any event that may negatively affect the relationship of the Company and CPG with 7-Eleven, Inc.

2. Risk from Controlling Influence of the Charoen Pokphand Group

The Charoen Pokphand Group has direct and indirect control over the Company. In the Consent Agreement with 7-Eleven, Inc., CPG agrees to maintain its minimum shareholding ratio as well as its power to appoint and control the majority of the Company's directors. As at December 31, 2018, companies in the Charoen Pokphand Group continue to hold an aggregate 36.06 percent stake. Therefore, the Charoen Pokphand Group is able to appoint the majority of the directors and remain influential to the management and administration of the Company, including consideration of or support for matters that require approval from the Company's shareholders.

At present, there is no agreement between the Company and the Charoen Pokphand Group and its affiliates that will prohibit the Charoen Pokphand Group to expand businesses or invest in other retail operations. Therefore, there may be a risk that the Charoen Pokphand Group will not consider granting opportunities and resources that will be of best interest to the Company and its shareholders.

The Company's Risk Management

Apart from the details of the connected transaction exhibits in the Articles of Association of the Company and the subsidiaries, the Company appointed independent directors and the Audit Committee to assure the best interests of all shareholders. In addition, the Company has formulated a policy and regulations concerning connected transactions as guidance for business practice, including formulated a business administration policy which taking into account the interests of the Company towards all stakeholders equally.

In addition, the Company appointed Corporate Governance Committee as well as Corporate Governance Sub-committee that serve the interests of all stakeholders in accordance with the Company's corporate governance policy which be reviewed by the Company's external experts to assure the policies consistently align with international standard.

3. Risk from Distribution Center and Logistic Error or Problem

Most of the products sold in 10,988 7-Eleven stores nationwide are delivered via the Company's distribution centers, with more than 2,000 manufacturers and suppliers delivering their products to the distribution centers according to the given delivery date. Therefore, the distribution centers play a vital role in 7-Eleven's business in distributing products to stores across the country in correct, complete and timely manner. Errors or problems at the distribution center and disruption of transport route due to floods, fire, communication system and information technology failure, severe accidents, or any force majeure from the supply chain system from the manufacturer to distribution centers and then delivery at the stores, will have an adverse impact on the sales of all 7-Eleven stores and business opportunity, and may negatively affect the Company's operating performance.

The Company's Risk Management

The Company has continuously reviewed its annual strategic plan in order to construct short-term and long-term plans that could support growth of existing stores and new store expansion. For the distribution centers, the Company has continued to evaluate the adequacy of the capacity in line with the growing sales turnover and new store openings, including the crisis management in regard of the distribution center where one interrupted. In case an additional distribution center is needed, the key consideration is a prime location which is in the safety area and be able to operate at the most efficiency of delivery to store. Distribution centers should be distributed along the metropolitan areas and provincial areas across the country in order to diversify operating risk and to support store expansion in the future.

The Company has prepared and practiced the Incident Action Plan and conducted drill regularly planned to be ready to deal with various crises through 24 hours such as flooding, riots, fire, and blackouts. There is also a Crisis Assessment Team (CAT) which is responsible for providing warnings about the crisis to various departments in the risk areas so that they can prepare to deal with the crisis in a timely and appropriate manner. Business Continuity Management (BCM) includes using nearby distribution centers to deliver products, transporting products using large trucks, using alternative routes, finding alternative products, and establishing temporary distribution centers.

The Company has also collaborated with key suppliers who are strategic partner developing Business Continuity Plan (BCP) to ensure that products can be delivered during crisis to minimize the negative impact on the sales revenue. In addition, the Company has appropriately bought insurance to compensate for loss and to alleviate the cost burden that may occur in the future, covering distribution centers, stores and subsidiary companies.

By doing so, the Company believes that the distribution centers are sufficient to support store expansion plans in the future. On the other hand, the distribution centers can function as a secondary distribution network with each other across the country. In case if any place where a disruption or major transportation routes were not passable. The network can back up to replace at the most effectiveness.

4. Risk from Information Technology Error or Problem

The Company's information technology systems is as the brain of the convenience store business, for ordering and communicating effectively to all units in the supply chain, ranging from manufacturer, logistic system and distribution center through store level. This can help the Company making sales revenue, and delivering good products and services to 12 million customers per day which are the key matters to create persistent customers' satisfactory and impression. Therefore, any error or problem occurred to any key information technology systems such as sales and service system, store operation system, product ordering and logistic system, and etc, would affect the business operations and ability to serve customers at 7-Eleven stores and may negatively affect the Company's operating performance.

The Company's Risk Management

The Company recognizes the importance of information technology in both the store and office level, including the supply chain systems being operate effectively with the continuity of business operations. The Company has also reviewed systems along with its annual strategic planning in order to manage the software system in

accordance with the requirements of the business process of software engineering with reference to international standards which aimed at developing technology to improve processes and assets in the long-term. Business development unit can collaborate with global partners to update technology system to accommodate the changing trend of the market.

In regard to managing of the hardware, the Company values the importance of the 2 IT centers located in different areas-the Silom IT Center in Bangkok and Chaengwattana IT Center in Nonthaburi. These two IT centers support each other in case of any interruption happening to one of the IT centers and ensure that the IT system will resume its normal operation.

The Company has a full range of security system for its two IT centers, beginning with the design of their safety in every section under the proper environment. A backup generator systems, UPS, smoke and fire detection systems, intrusion detection systems and inhibit mobility, backup air conditioning, and power feed system pairs each, including system maintenance have been also installed. In addition, the Company set up an expert team to stabilize and secure IT system throughout 7days/ 24 hours to be ready for its operation continually. In addition, the Company regularly provides training and drills to related BCM team, which the training will be given scenarios that could cause crisis to IT center on a variety of different situations to ensure that the delegated team is comprehend and able to follow all the Business Continuity Management (BCM) efficiently and timely. Furthermore, apart from regular check up by the internal audit team, an external audit company tests on the IT system annually for the highest assurance of the Company's information technology system.

5. Risks from Laws and Government Policies

The Company manages the convenience store business and various supporting businesses under the CP All Group in Thailand. Its management is transparent and has always strictly complied with the government laws and policies, as well as monitoring changes at the local, regional, and international levels as part of a process to scope out important information to assist in the decision making and to forecast potential business impact resulting from new regulations both at the local and international levels. Regulations such as those pertaining to the carbon tax, for instance, contain requirements with particularities that are specific to different localities. If the Company does not monitor, anticipate, and prepare for their potential business impact, they may affect not only its competitiveness, but also the Group's ability to achieve its growth targets as well. In order to ensure regulatory compliance and to manage these risks, the Company has the following measures.

The Company's Risk Management

The Company's business practices are rooted in transparency, compliance with local and international laws and regulations, and continuously fulfilling the government's policies in its compliance risk management and assessment of their potential business impact. The Company monitors and participates by giving its opinions on the legislation of emerging laws when authorized agencies are open for public hearing on the issues or concerned with the new regulations.

In addition, the Company has appointed a Corporate Governance Subcommittee, a Risk Management Committee, a Compliance Unit Office, and a Sustainable Development Committee to oversee legal compliance and enable the Company to operate with transparency, in accordance with good governance principles with its stakeholders, and ensure that it can adapt to regulatory changes related to its business operations and contain their impact at an acceptable level as per organizational risk management. The Company also set up Call Center who provides advice and assistance 24-hour regarding the Company's activities at timely manner.

6. Emerging Risks

6.1 Risk from Disruptive Digital Technology

Digital technology is increasingly playing a bigger role in daily life and business operation. Competition has intensified and consumer demands are fast changing, especially in the emerging innovation-driven competition and business landscape following the government's announcement of the Thailand 4.0 strategy. The use of digital technology in transportation services, marketing, and online distribution, in the long-term, poses risks to traditional business models and distribution channel. While this may reduce the competitiveness of 7-Eleven stores, it also presents an opportunity to create new businesses and add value to the business.

The Company's associated risk management measures

The Company regularly reviews annual strategies, in order to support the business growth and also to determine strategies in preparing the Company to be ready for the imminent digital transformation so as to increase customer convenience in accessing and purchasing the required products and services offered by the Company beyond merely buying goods at stores. This is to be achieved by developing the retailing processes and procedures into an 'omni retail channels' so that customers will be able to easily access and purchase all goods and services offered via any selected retail channel and at any time as required. This is also achieved through combining retailing channels that are both online and offline together with those new online commercial channels which operated through its subsidiary, 24 Shopping Co. Ltd. The Company also employed online digital marketing for its marketing activities including proprietary application available on smartphone for sales promotion. This is to create customers' engagement including customers' communication and voice through "7-Eleven Thailand" Facebook and Line platforms. Furthermore, the Company has also developed payment platform in the 7-Eleven stores via the Mobile Payment of Alipay Wallet and True Money Wallet. Additionally, the Company has increased other payment platforms in using credit cards, so as to enhance customer convenience and to increase purchases by customers who have high purchase values as well as for the Chinese tourists.

The Company has also tested its delivery services for small packages from e-commerce sales via nationwide stores network, under "SPEED-D" service, which customers can drop off and pick up parcels 24-hour basis at 7-Eleven stores.

6.2 Digital Presence Risk

The World Bank's Thailand Economic Monitor 2017 reported that Thailand is "reaching the Digital Frontier". Based on national capacity in different aspects and an assessment across various indicators related to digital economy, Thailand performed considerably well in terms of "affordability"-indicating value in spending for connectivity-usage of mobile services, as well as financial attractiveness for investment. This suggests a growth opportunity of the digital world and its potential socio-economic impact-a change which calls for adequate preparation. The Company is aware of such transformation and believes that the world's future connectivity will inevitably connect real and digital lives. The number of people with digital identities on the internet is increasing in tandem with the changing social contexts. This causes the Company to consider its digital presence, which includes the searching and sharing of information, expression of opinions, traceability, or even the building and maintenance of on-line relationships globally. If the Company fails to appropriately manage its Digital Presence, it may lose its competitiveness, the opportunity to venture into new businesses, and its value creation to the Company.

The Company's associated risk management measures

The Company highlighted on good corporate governance, whereby it has put in place various measures to ensure strict compliance to policies on good corporate governance, business ethics and business conducts, as well as on anti-corruption together with various associated operating guidelines. Additionally, the Company is committed to promoting and developing the Company to be an effective organization that upholds its commitment to conducting its businesses in a fully transparent manner together with positive moral values, and in being fully responsible towards and accountable to all stakeholder groups. Furthermore, the Company has established a Corporate Communication Office, responsible for communicating and following-up on various information or news relating to the Company's corporate image within the digital world, in order to be prepared to clarify and disseminate to any involved parties, any news or information that is fully accurate and complete as well as in a timely manner.

6.3 Risk from AI (Artificial Intelligence) and Decision Making

Currently technology relating to AI and decision making has advanced in a fast-paced manner. According to the recent study in 2018 conducted by IDC, leading market research and IT consultant, the IDC Asia/Pacific Enterprise Cognitive/AI survey suggested the application of Artificial Intelligence or AI in this region increased to 14 % in 2018 from 8% in the year before. This indicated that corporate has progressively incorporated (Artificial Intelligence/cognitive

intelligence in their operation. In the future, if an AI is not appointed to the Corporate Board of Directors in helping the Board to arrive at a decision based on the available information on hand or to analyze what has happened in the past in an easy and fast manner, it may result in a loss of competitiveness, together with the creation of opportunities to establish new business activities that will build added economic value for the organization

The Company's associated risk management measures

The Company has regularly reviewed annual strategic plans, whereby various factors relating to important technological changes, innovation and disruptive technology on a global basis are part of the assumptions used in defining both updated short term and long term strategies. Additionally, the Company has established the Science Technology and Innovation Development Office-STIDO, in order to create close cooperation between various internal and external operating units in the development of a proprietary technology, which corresponds to the established strategies and that will lead to the ongoing sustainability of the organization.

In 2018, the Company has set up Creative AI Center, in order to keep track and monitor the progress in creative AI and able to make use of AI technology that align with business strategy.

6.4 Risk from Cyber Threat

Given recent changes in business operation that rely more on digital technology, the Company has offered various services on the internet network and web application which allow employees to work from anywhere using remote access. This results in an increase from cyber threat such as data theft such as research and development data, trade secrets, and customer and employee personal data that could result in large amounts of financial impact and adverse effects on the company's brand and reputation.

The Company's associated risk management measures

The Company has appointed Chief Security Officer, who is responsible for IT security of CP All Group. Gosoft (Thailand) Co., Ltd, a subsidiary, was set up and implemented ISO 20000 international standards that requires Information Technology Security Management and Internet Security Strategy to ensure business continuity and risk management under a controllable level as well as an strategy review at least once a year. In addition, it is required that Cyber Security Awareness is created among employee via internal communication channel and tested their understanding using Cyber Simulation Program to make sure that employee comprehend and are protected from cyber threat.

7. Financial Risk

As at December 31, 2018 the Company and its subsidiaries had interest-bearing liabilities amount of Baht 154,263 million, including fixed interest rate Thai Baht bonds of Baht 140,878 million or equal to 91 percent of the total amount of interest-bearing liabilities. Net debt to equity of the Company continuously declined to 1.2 times in 2018, whereas net debt to equity as determined in the bond covenants was at 1.04 times, lower than the level stipulated in the covenant for year 2018.

The Company's foreign exchange risk rose from normal business operations i.e. the purchase and sale of goods in foreign currencies which are relatively low. The Company primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. As at December 31, 2018 as per the consolidated financial statements, the Company's loans denominated in foreign currencies was Baht 2,419 million.

The Company's Risk Management

Risk management is integral to the whole business. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

At present, the Company's transaction associated with foreign exchange is relatively low, then, such risk shall not impact to the Company's business operation significantly (see notes 38 Financial instruments).

Furthermore, the Company's had fixed interest rate Thai Baht debentures amount of Baht 140,878 million, which the Company plans to continuously reduce leverage ratio by using internal cash flow from operation to repay loans; thus, such ratio tends to be lower. In addition, debt covenants of CPALL bonds are stipulated as follows:

as at December 31, 2015,	
net debt to equity not more than	5 : 1
as at December 31, 2016,	
net debt to equity not more than	3.5 : 1
as at December 31, 2017,	
net debt to equity not more than	2.5 : 1
as at December 31, 2018 and onwards,	
net debt to equity not more than	2 : 1

In addition, the Company also has issued perpetual debentures of Baht 20,000 million in order to cushion net debt to equity ratios.

8. Risk from the Record of Goodwill and Intangible Assets

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives i.e. computer programme, customer database, and others, at which 2-15 years useful lives. Other intangible assets recognizeat cost, net of accumulated amortization and accumulated impairment losses. Amortization is calculated using the cost less the residual value associate with its remaining useful lives. On the other hand, other intangible assets that are acquired by the Group and have indefinite useful lives i.e. intellectual property, business license, etc. are appraised at cost less accumulated impairment losses.

The Company's Risk Management

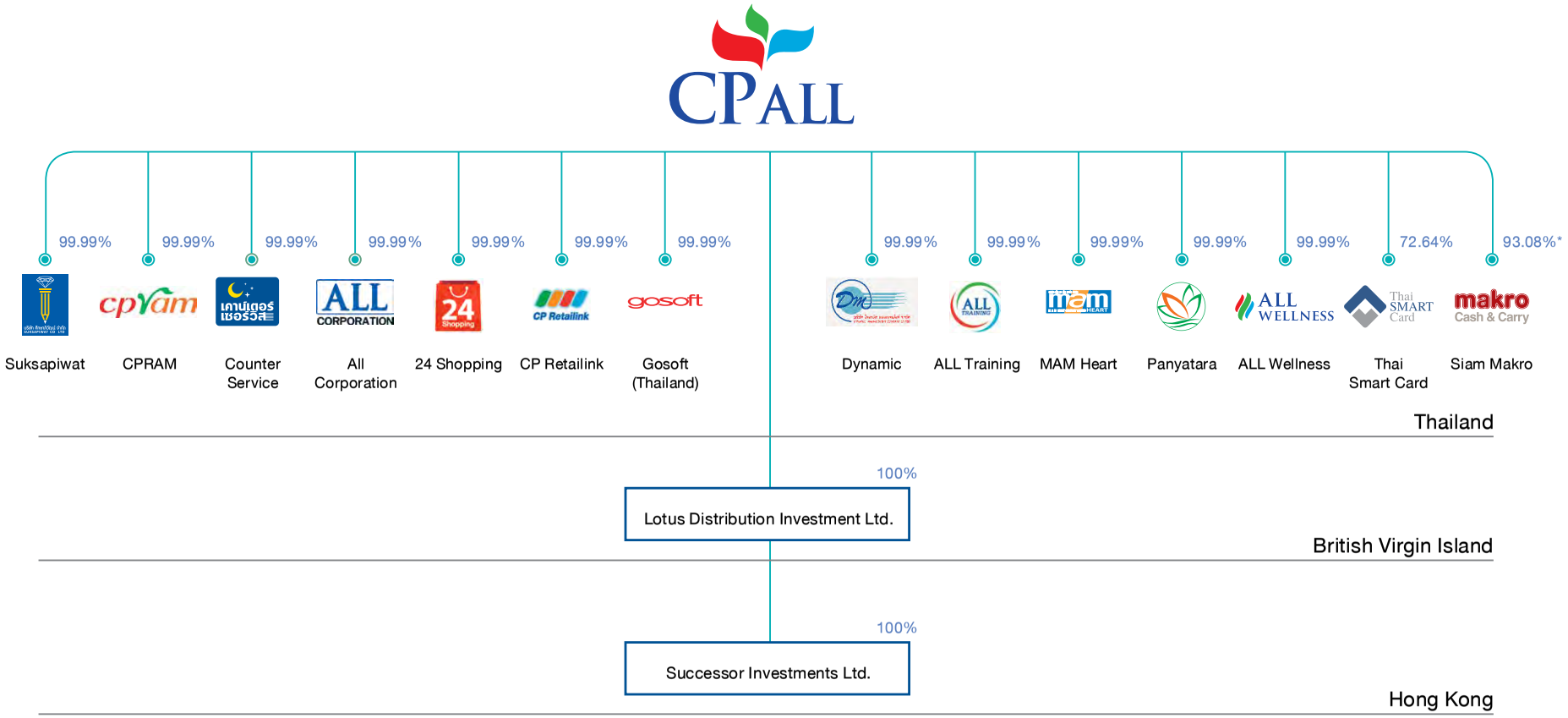
The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

General Information and Other Information

General Information and Other Information

As at 31 December 2018



* Direct and indirect ownership interesests holding of Makro

General Information

(1) General Information of CP All Public Company Limited:

CP All Public Company Limited ("the Company") is operating convenience stores under the "7-Eleven" trademark. The symbol of the Company's stock trading in the Stock Exchange of Thailand is "CPALL". The Company has registered as a Public Limited Company since March 12, 1999 and its registration number is 0107542000011.

As at December 31, 2018, the Company has registered capital at Baht 8,986,296,048 of which 8,986,296,048 ordinary shares with a par value of Baht 1 per share. The paid-up capital is to Baht 8,983,101,348

Company Head Office is located at
313 C.P. Tower, Floor 24, Silom Road, Bangrak District, Bangkok, Thailand 10500
Telephone : 0-2071-9000
Fax : 0-2238-1767
Homepage : www.cpall.co.th

(2) Information of Subsidiaries that held by the Company more than 10% of total issued shares

Direct Subsidiaries

Company	Type of Business	Head Office	Shareholding	Paid up Capital
Suksapiwat Co., Ltd.	Educational institution	20/29 Moo 2, Ngarmwongwan Road, Bangkhen, Meung Nonthaburi, Nonthaburi	99.99	Baht 810 million
CPRAM Co., Ltd.	Manufacturing and sale of convenience foods and bakery	177 Moo 4, Thanee-Lat Lum Kaeo Road, Raheang, Lat-Lumkaew, Pathum Thani **www.cpram.co.th**	99.99	Baht 600 million
Counter Service Co., Ltd.	Bill payment collection and life insurance and non-life insurance broker	119 Tara Sathorn Tower, 4th-6th Floor, Soi Sathorn 5, South Sathorn Road, Thungmahamek, Sathorn, Bangkok, Thailand **www.counterservice.co.th**	99.99	Baht 100 million
All Corporation Co., Ltd.	Investment business	119 Tara Sathorn Tower, 8th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok	99.99	Baht 50 million
24 Shopping Co., Ltd.	Catalog and E-commerce Business	119 Tara Sathorn Building, 9th-10th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok **http://24shopping.co.th**	99.99	Baht 30 million

Company	Type of Business	Head Office	Shareholding	Paid up Capital
CP Retailink Co., Ltd.	Sale and maintenance of retail equipment	159/30 Moo 3, Vibhavadee-Rangsit Road, Kwang Tarad- Bang Khen, Khet Laksi, Bangkok **www.cpretailink.co.th**	99.99	Baht 20 million
Gosoft (Thailand) Co., Ltd.	Information technology services	313 C.P. Tower 24th Floor, Silom Road, Silom, Bangrak, Bangkok **www.gosoft.co.th**	99.99	Baht 20 million
OHT Co., Ltd.	Investment business	119 Tara Sathorn Tower, 8th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok	99.99	Baht 12.5 million
Dynamic Management Co., Ltd.	Logistics services and distribution of merchandise services	119 Tara Sathorn Tower, 8th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok	99.99	Baht 2 million
All Training Co., Ltd.	Training & seminar services	58/5 Moo 2, Changwattana Road, Bang Talad, Pakkret, Nonthaburi	99.99	Baht 1 million
MAM Heart Co., Ltd.	Marketing and advertising services	313 C.P. Tower 26th Floor, Silom Road, Silom, Bangrak, Bangkok	99.99	Baht 1 million
Panyatara Co., Ltd.	Training services	58/5 Moo 2, Changwattana Road, Bang Talad, Pakkret, Nonthaburi **www.panyatara.co.th**	99.99	Baht 1 million
ALL Wellness Co., Ltd.	To provide health and wellness services to the communities with convenience, innovations and digital technology, as well as giving healthcare consults by medical professionals.	119 Tara Sathorn Building, 11th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok	99.99	Baht 1 million
Thai Smart Card Co., Ltd.	Payment of products and services though smart card	191 Silom Complex, 27th Floor Suite 2, Silom Road, Silom, Bangrak, Bangkok **www.thaismartcard.co.th**	72.64	Baht 1,600 million
Lotus Distribution Investment Limited	Investment business	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands	100	USD 244.2 million
Albuera International Limited	Investment business	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	100	USD 1

Direct and Indirect Subsidiaries

Company	Type of Business	Head Office	Shareholding	Paid up Capital
Siam Makro Holding (Thailand) Ltd. (Hold through the Company and OHT Co., Ltd.)	Investment business	119 Tara Sathorn Tower, 8th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok	99.99	Baht 1,066 million
Siam Makro Public Company Limited (Hold through the Company and OHT Co., Ltd.)	Operating a cash and carry wholesale business under "Makro" name in order to sell food and non-food products for all customers nationwide. Key Makro customers are small to medium sized professional operators i.e. small retailers, HoReCa, institutes, and services operators	No. 1468 Phatthanakan Road, Suan Luang, Suan Luang, Bangkok **www.siammakro.co.th**	93.08	Baht 2,400 million

Indirect Subsidiaries

Company	Type of Business	Head Office	Shareholding	Paid up Capital
Panyapiwat Institute of Management (Hold through Suksapiwat Co., Ltd.)	Educational institution	85/1 Moo 2, Changwattana Road, Bang Talad, Pakkret, Nonthaburi **www.pim.ac.th**	99.99	Baht 500 million
Panyapiwat Technological College (Hold through Suksapiwat Co., Ltd.)	Educational institution	20/29 Moo 2, Ngarmwongwan Road, Bangkhen, Meung Nonthaburi, Nonthaburi **www.panyapiwat.ac.th**	99.99	Baht 273 million
Panyapiwat Institute of Management Demonstration School	Educational institution	45/23 Moo 2, Bang Talat, Pakkret, Nonthaburi	99.99	Baht 100 million
CP Foodlab Co.,Ltd. (Hold through All Corporation Co., Ltd.)	Research and development	141 Moo 9, 6th floor Innovation Cluster 2, Tower D, Thailand Science Park, Phahon Yothin Road, Klong 1, Khlong Luang, Pathum Thani	99.99	Baht 10 million
Successor Investments Limited (Hold through Lotus Distribution Investment Limited)	Investment business	21/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong	100	HKD 1

Company	Type of Business	Head Office	Shareholding	Paid up Capital
Successor (China) Investments Limited (Hold through Lotus Distribution Investment Limited)	Investment business	Movie & TV City, Shiqiu Town, Lishui County, Nanjing City, The People's Republic of China	100	USD 232 million
Nanjing Tianqu Investment Management Co., Ltd. (Hold through Lotus Distribution Investment Limited)	Investment Business	Movie & TV City, Shiqiu Town, Lishui County, Nanjing City, The People's Republic of China	100	Renminbi 1,412 million
Nanjing Tech University Pujiang Institute (Hold through Lotus Distribution Investment Limited)	Private Educational institution	No. 96 Tangfeng Road, Shangfeng Town, Jiangning District, Nanjing City, The People's Republic of China **http://en.njpji.cn**	100	Renminbi 400 million
Nanjing Tech University Pujiang Institute Educational Development Fund (Hold through Lotus Distribution Investment Limited)	Education Development Fund	Room 711 No. 199, Guangzhou Road, Nanjing City, The People's Republic of China	100	Renminbi 50 million
Nanjing Zheng Yi Xin Trading Co., Ltd. (Hold through Lotus Distribution Investment Limited)	Commercial Trading	44 ShuiZuo Gang, Gulou District, Nanjing City, The People's Republic of China	100	USD 10 million
Siam Food Services Limited (Hold through Siam Makro Public Company Limited)	Import and distribution of temperature controlled, frozen, high quality food products from Thailand and overseas with delivery service i.e. meat, seafood, poultry, potato, dairy, pastry and ethnic food products, to meet the demand of food service professionals i.e. hotels, restaurants (both full service and quick service), airlines, caterers, institutions, manufacturers, and food traders	2439 Old Paknam Railway Road, Prakhanong, Klongtoey, Bangkok **www.siamfoodservices.com**	93.07	Baht 3,183 million
Makro ROH Co., Ltd. (Hold through Siam Makro Public Company Limited)	Investing in foreign countries as well as to provide management and technical consultancy, and to support services to the related parties	No.1468 Phatthanakan Road, Suan Luang, Suan Luang, Bangkok	93.07	Baht 3,136.98 million
Pro Mart Co.,Ltd. (Hold through Siam Makro Public Company Limited)	Selling non-food products	No.1468 Phatthanakan Road, Suan Luang, Suan Luang, Bangkok	93.07	Baht 2.5 million

Company	Type of Business	Head Office	Shareholding	Paid up Capital
Indoguna Vina Food Service Company Limited (Hold through Siam Makro Public Company Limited)	Import and distribution of temperature controlled, frozen, high quality food products from Thailand and overseas with delivery service i.e. meat, seafood, poultry, potato, dairy, pastry and ethnic food products, to meet the demand of food service professionals in Vietnam i.e. hotels, restaurants (both full service and quick service), caterers	44B Phan Xich Long Street, Ward 3, Phu Nhuan District, Ho Chi Minh City, Vietnam **www.indogunavina.com**	93.08	USD 5 million
ARO Commercial Company Limited (Hold through Siam Makro Public Company Limited)	Retail and wholesale operator and related businesses in the Republic of the Union of Myanmar	La Pyi Wun Plaza, Room 409, 4th Floor, 37 Alan Pya Pagoda Road, Dagon Township, Yangon, Myanmar	93.07	USD 0.3 million
ARO Company Limited (Hold through Siam Makro Public Company Limited)	Marketing and consulting services in Myanmar in the Republic of the Union of Myanmar	Unit 02, 04, 06, Level 11, Myanmar Centre Tower 1, No. 192, Kabar Aye Pagoda Road, Bahan Township, Yangon, Myanmar	93.07	USD 0.183 million
CP Wholesale India Private Limited (Hold through Siam Makro Public Company Limited)	Wholesale and Retail Operator and related businesses in the People's Republic of China	6th Floor, M3M Cosmopolitan, Sector 66, Off Golf Course Extension Road, Gurugram-122002, Haryana, Indiacorporate. **http://corporate.lotswholesale.com**	93.06	INR 452.86 million
Makro (Guangzhou) Food Company Limited (Hold through Siam Makro Public Company Limited)	Wholesale and Retail Operator and related businesses in the People's Republic of China	Room 440 (zibian), Room 401, 4/F, No.17 Fangxin Road, Liwan District, Guangzhou, The People's Republic of China	93.06	CNY 25 million
Indoguna (Singapore) Pte Ltd (Hold through Siam Makro Public Company Limited)	Produce sausages, bacon, ham, salami, cut meats and processed meats. Under the brand Carne Meats. Import and distribution of fresh, temperature controlled, frozen, high quality food products with delivery service i.e. meat, seafood, bakery products as well as seasonal and culinary delicacies prepared from both local and international, to meet the demand of food service professionals i.e. hotels, restaurants, airlines, caterers, institutions, manufacturers, and food traders	36 Senoko Drive, Senoko Industrial Estate, Singapore 758221 **www.indoguna.com**	74.46	SGD 1.6 million

Company	Type of Business	Head Office	Shareholding	Paid up Capital
MAXZI THE GOOD FOOD RESTAURANT & CAFE L.L.C. (Hold through Siam Makro Public Company Limited)	Restaurant and minimart in the United Arab Emirates	Al Shafar Investment Building, Shop No.20, P.O. Box 126113 Al Quoz 1, Dubai, United Arab Emirates **https://maxzi.ae/**	74.46	AED 4 million
Just Meat Company Limited (Hold through Siam Makro Public Company Limited)	Import and distribution of fresh, high quality food products of meats and Poultry in Hong Kong	G/F 45B Hau Wong Road, Kowloon City, Kowloon, Hong Kong **www.justmeat.com.hk**	74.46	HKD 1 million
Indoguna Dubai L.L.C. (Hold through Siam Makro Public Company Limited)	Import and distribution of fresh, temperature controlled, frozen, high quality food products with delivery service i.e. meat, seafood, bakery products as well as seasonal and culinary delicacies prepared from both local and international, to meet the demand of food service professionals in the United Arab Emirates i.e. hotels, restaurants, airlines, caterers, institutions, manufacturers, and food traders	Al Waha Street, Exit 46, Al Quoz 1, P.O. Box 123125, Dubai, United Arab Emirates **http://www.indogunadubai.com**	74.46	AED 0.3 million
Indoguna Lordly Company Limited (Hold through Siam Makro Public Company Limited)	Import and distribution of fresh, temperature controlled, frozen, high quality food products with delivery service i.e. meat, seafood, bakery products, fried egg soup as well as seasonal and culinary delicacies prepared from both local and international, to meet the demand of food service professionals i.e. hotels, restaurants, airlines, caterers, institutions, manufacturers, and food traders	14/F, Chung Fung Commercial Building, 10-12 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong **www.lordly.com.hk**	74.46	HKD 0.01 million
Makro (Cambodia) Company Limited (Hold through Siam Makro Public Company Limited)	Retail and Wholesale Operator and related businesses in Cambodia	No. 5734, Street 1003, Bayab Village, Sangkat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh, Cambodia **www.makrocambodia.com**	65.15	USD 42.2 million
Indoguna (Cambodia) Company Limited (Hold through Siam Makro Public Company Limited)	Food Services Business and related businesses in Cambodia	No. 423, National Road 3, Phum Srae Nhoar, Sangkat Porng Teuk, Khan Dangkor, Phnom Penh, Kingdom of Cambodia	65.15	USD 2 million

Other

Company	Type of Business	Head Office	Shareholding	Paid up Capital
True GS Co., Ltd.	Online business	18 True Tower, Ratchadapisek Road, Huay Kwang, Bangkok	10.00	Baht 340 million

(3) Other references

Registrar

Thailand Securities Depository Co., Ltd.

The Stock Exchange of Thailand Building 93, Rachadapisek Road, Dindaeng, Bangkok 10400

Telephone : 0-2009-9999 (Call Center)

Website : www.set.or.th/tsd

Auditor

Ms. Munchupa Singsuksawat

Certified Public Accountant Registration No.6112, KPMG Poomchai Audit Ltd. 1 Empire Tower,

50th-51th Floor, Sathorn Road, Sathorn District, Bangkok

Telephone : 0-2677-2060

The Registrar and Bondholder Representative

Debenture No.1/2013

The registrar - Krungthai Bank Public Company Limited

977/3 SM Tower, 4th Floor, Paholyothin Road, Sam Sen Nai, Payathai, Bangkok 10400

Telephone : 0-2298-0830 Ext. 129

Bondholder Representative - Siam Commercial Bank Public Company Limited

Building 2, 3rd Floor, No. 1060, New Petchburi Road,

Makkasan, Ratchathewi, Bangkok 10400

Telephone : 0-2256-2316

Debenture No.1/2014, Debenture No.2/2014, Debenture No.3/2014,

Debenture No.3/2017, and Subordinated Perpetual Debenture No.1/2016, No.1/2017

The registrar and bondholder representative - Krungthai Bank Public Company Limited

977/3 SM Tower, 4th Floor, Paholyothin Road, Sam Sen Nai, Payathai, Bangkok 10400

Telephone : 0-2298-0830 Ext. 129

Debenture No.1/2015, Debenture No.2/2015, Debenture No.1/2016, Debenture No.2/2016,
Debenture No.1/2017 and Debenture No.2/2017

The registrar - Krungthai Bank Public Company Limited

977/3 SM Tower, 4th Floor, Paholyothin Road, Sam Sen Nai, Payathai, Bangkok 10400

Telephone : 0-2298-0830 Ext. 129

Other Information

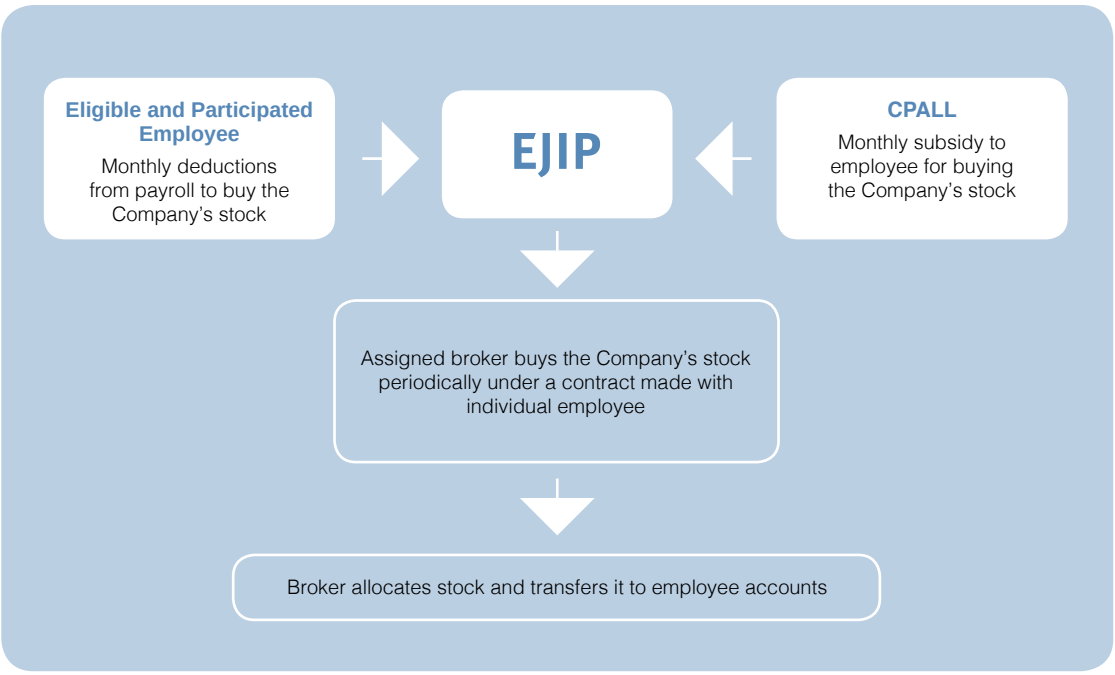
Summary of the Employee Joint Investment Program (EJIP) No.3

CP All Public Company Limited and its subsidiaries have a policy for creating a sense of ownership, loyalty and the attempt of employees to grow along with the Company. Thus it has launched Employee Joint Investment Program (EJIP) No.3 with the following criteria.

1. Nature of EJIP

It is an investment program for the voluntarily employees of the listed companies in the Stock Exchange of Thailand upon accumulative buying of their Company's shares on a period basis (i.e. monthly or quarterly) using the dollar cost average method.

2. EJIP Arrangement



Type of Stock	Ordinary shares of CPALL trading in the Stock Exchange of Thailand
Frequency of Investment	Specified date on a monthly basis
Investment Amount (per Employee)	Employee - 5% or 7% of salary (on a voluntarily basis)
	Company - 80% of the deductable amount from the employee in each month
Duration	1 July 2017-30 June 2022 (Total 5 years)
Method of Payment	Buying - employee's deduction from monthly salary and the Company's contribution
	Selling - broker transfers money from stock sale to employee's bank account
Stock Purchase	Automatic purchase by curtained broker as stated in the contract
Stock Delivery	Delivered to individual employee account opened with the broker
Benefits to Employee	Dividend Gain
	Capital Gain
	Other rights such as rights issue, warrant, shareholders' meeting
Selling Stock	Employee has the right to sell stock during the specified period in the contract.
Tax	Employee must pay personal income tax on the contribution amount received from the Company.
	The Company can claim tax deductible on the contribution amount.

*The Board of Directors has delegated the Executive Committee the authority to amend, change or add program guidelines where appropriate, including early termination of the program.

3. Eligible Employee Under EJIP

Managers with the level of assistant department manager or equivalent and above with the working period till the initial contribution date of not less than 3 years, excluding directors and advisors of the Company

Dividend Policy

Dividend Policy

The Company's Dividend Policy

In the consideration of dividend payment, the Company will consider operating performance and shareholder returns in the long-run. Payment of dividends will be according to the Company's regulations No. 36 and No. 37. The dividend payment will be distributed according to the number of shares, each share equally. The dividend payment must be approved by the Shareholders' Meeting. The Board may pay interim dividends to shareholders occasionally, if they find that the Company has sufficient profits to do so, and reports to the subsequent Shareholders' Meeting.

The Company's Board of Directors has a policy to propose a dividend payment to shareholders at approximately 50 percent of net profit generated from operations after income tax deduction and statutory reserves from the separate financial statement by contemplating consolidated financial statement.

However, the policy will be subject to change should the Board of Directors consider the financial standing, economics situation, operating performance, ability to pay financing charges and principal repayment and comply with debt covenants and future projects and find that it is appropriate to propose the shareholders otherwise.

In addition, the Company is obliged to comply with terms and conditions of various types of debentures. In case the Company is in default of interest payments or any payment related to debentures or postponement of interest payments on debenture (as the case may be), the Company will not pay dividends to shareholders.

Subsidiaries' Dividend Policy

The Board of Directors of subsidiaries has policies to distribute dividends in accordance with the operating performance of the relevant companies without determining a certain rate of dividend payment. The distribution of dividends will be based on financial position, and future investment plans of each subsidiary.

Dividend Distribution

Dividend Payment	2013	2014	2015	2016	2017
1. Earnings per share – Company only (Baht/share)	1.14	*0.97	1.27	*1.57	*1.77
2. Annual Dividend (Baht/share)	0.90	0.80	0.90	1.00	1.10
3. Dividend payout – Company only	79%	83%	71%	64%	59%

Note: 1. In 2014, there was an adjustment in other comprehensive income
2. In 2016 and 2017, EPS less cumulative interest payment on subordinated perpetual debentures

Securities Details and Shareholding Structure

Securities of the Company

As at December 31, 2018, the Company registered capital with Ministry of Commerce was Baht 8,986,296,048, of which Baht 8,983,101,348 had been paid up. The paid up capital comprises of 8,983,101,348 ordinary shares with a par value of Baht 1 per share, entitling of 1 share with 1 vote.

Name List of Shareholders

Major Shareholders	As at 31 December, 2018	
	No. of shares	No. of shares
1. CP Group *		
1.1 C.P. Merchandising Co., Ltd.	2,777,006,200	30.91
1.2 UBS AG London Branch - C.P. Foods Holding	115,243,556	1.28
1.3 Bangkok Produce Merchandising Plc.	100,000,000	1.11
1.4 C.P. Foods International Limited	83,000,000	0.92
1.5 Charoen Pokphand Group Co., Ltd.	66,000,000	0.73
1.6 UBS AG Hong Kong Branch - Orient Success International	60,470,000	0.67
1.7 Worth Access Trading Limited	23,374,000	0.26
1.8 Creative Light Investments Limited	15,860,000	0.18
2. Thai NVDR Co., Ltd.	731,066,677	8.14
3. South East Asia UK (Type C) Nominees Limited	660,403,040	7.35
4. State Street Europe Limited	298,470,693	3.32
5. UNS Agro Chemical Co., Ltd.	180,000,000	2.00
6. SE Asia (Type B) Nominees LLC	143,675,263	1.60
7. GIC Private Limited	124,868,100	1.39
8. South East Asia UK (Type A) Nominees Limited	120,860,130	1.35
9. Social Security Office	118,196,200	1.32
10. BNY Mellon Nominees Limited	115,386,275	1.28
11. Mr. Prinya Tieanworn	100,000,000	1.11
12. The Bank of New York Mellon	97,694,000	1.09
13. AIA Company Limited –EQ4-P	92,000,000	1.02
14. Others	2,959,527,214	32.97
Total	8,983,101,348	100.00

* Charoen Pokphand Group (CPG) holding a combined shareholding of 36.06 percent of the total paid-up capital

Other Securities

The Extraordinary General Shareholders' Meeting No.2/2013 on September 19, 2013 and Annual General Meeting of Shareholders No.1/2014 dated April 24, 2014 and Annual General Meeting of Shareholders No.1/2016 dated April 21, 2016 approved the offering and issuance of the debentures up to Baht 195,000 million in order to repay loans and/or to be used as working capital.

As at December 31, 2018, the Company offered and issued debentures of 12 times in the total of 31 tranches, which total up to amount of Baht 160,877.90 million as details below:

1. Debentures No.1/2013 Unsubordinated and secured debentures in registered name form with debentureholder representative

Offering Public Offering, High net worth, and Institutional investors

Outstanding Debenture Value Baht 25,911.80 million

Issue Date October 31, 2013

Interest Payment Date Twice a year on each April 30 and October 31 that the debentures are outstanding; the first interest payment date on April 30, 2014

Issue Rating "A (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
7 years	10,789,800,000	5.10%	31 October 2020
10 years	15,122,000,000	5.35%	31 October 2023

2. Debentures No.1/2014 Unsubordinated and secured debentures in registered name form with debentureholder representative

Offering Public Offering, High net worth, and Institutional investors

Outstanding Debenture Value Baht 36,263.90 million

Issue Date March 27, 2014

Interest Payment Date Twice a year on each September 27 and March 27 that the debentures are outstanding; the first interest payment date on September 27, 2014

Issue Rating "A (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
5 years	11,066,100,000	4.30%	27 March 2019
7 years	9,884,100,000	4.85%	27 March 2021
10 years	15,313,700,000	5.14%	27 March 2024

3. Debentures No.2/2014 Unsubordinated and secured debentures in registered name form with debentureholder representative

Offering High net worth and/or Institutional investors

Outstanding Debenture Value Baht 19,702.20 million

Issue Date August 22, 2014

Interest Payment Date Twice a year on each February 22 and August 22 that the debentures are outstanding; the first interest payment date on February 22, 2015

Issue Rating "A (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
5 years	6,027,200,000	4.25%	22 August 2019
7 years	3,236,000,000	4.75%	22 August 2021
10 years	10,439,000,000	5.05%	22 August 2024

4. Debentures No.3/2014 Unsubordinated and secured debentures in registered name form with debentureholder representative

Offering High net worth, and/or Institutional investors

Outstanding Debenture Value Baht 4,000 million

Issue Date December 26, 2014

Interest Payment Date Twice a year on each June 26 and December 26 that the debentures are outstanding; the first interest payment date on June 26, 2015

Issue Rating "A (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
12 years	4,000,000,000	4.80%	26 December 2026*

*The issuer's right to early redemption from December 26, 2021

5. Debentures No.2/2015 Subordinated and unsecured debentures in registered name form

Offering High net worth and/or Institutional investors

Outstanding Debenture Value Baht 10,500 million

Issue Date June 30, 2015

Interest Payment Date Twice a year on each December 30 and June 30 that the debentures are outstanding; the first interest payment date on December 30, 2015

Issue Rating "A- (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
5 years	1,500,000,000	3.65%	30 June 2020
7 years	3,000,000,000	4.10%	30 June 2022
10 years	6,000,000,000	4.45%	30 June 2025*

*The issuer's right to early redemption from June 30, 2022

6. Debentures No.1/2016 Subordinated and unsecured debentures in registered name form

Offering High net worth and/or Institutional investors

Outstanding Debenture Value Baht 7,000 million

Issue Date March 18, 2016

Interest Payment Date Twice a year on each September 18 and March 18 that the debentures are outstanding; the first interest payment date on September 18, 2016

Issue Rating "A- (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
5 years	1,382,000,000	2.95%	18 March 2021
7 years	937,000,000	3.40%	18 March 2023
10 years	2,074,000,000	4.00%	18 March 2026*
12 years	2,607,000,000	4.15%	18 March 2028**

*The issuer's right to early redemption from June 18, 2021
**The issuer's right to early redemption from June 18, 2023

7. Debentures No.2/2016 Subordinated and unsecured debentures in registered name form

Offering High net worth and/or Institutional investors

Outstanding Debenture Value Baht 12,000 million

Issue Date August 26, 2016

Interest Payment Date Twice a year on each February 26 and August 26that the debentures are outstanding; the first interest payment date on February 26, 2017.

Issue Rating "A- (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
3 years	5,901,000,000	2.49%	26 August 2019
7 years	500,000,000	3.25%	26 August 2023
10 years	748,000,000	3.68%	26 August 2026
12 years	4,851,000,000	4.00%	26 August 2028

8. Subordinated perpetual debentures No.1/2016 payable upon dissolution with the issuer's right to early redemption and unconditional interest deferral.

Offering	Public offering and/or Institutional investors	
Outstanding Debenture Value	Baht 10,000 million	
Issue Date	November 30, 2016	
Interest Rate	Year 1-5:	Interest rate at 5.0%
	Year 6-10:	Interest rate equal to the sum of (a) five-year government bond yields * (b) Initial Credit Spread 3.13 percent per year, (c) the rate of 0.5 percent per year.
	Year 11-50:	Interest rate equal to the sum of (a) five-year government bond yields * (b) Initial Credit Spread 3.13 percent per year, (c) the rate of 1.0 percent per year.
	Year 51 onwards:	Interest rate equal to the sum of (a) five-year government bond yields * (b) Initial Credit Spread 3.13 percent per year, (c) the rate of 2.0 percent per year.

* Interest rate will be adjusted every five years based on the government's five-year bond yields at the end of day two days prior to the interest-rate adjustment date.

Interest Payment Date Twice a year on each May 30 and November 30 that the debentures are outstanding; the first interest payment date on June 30, 2017.

Redemption Right Issuer has the right to redeem the debentures in the following cases:

1. The Issuer's right to redeem the debentures on 5-year maturity date starting from the issue date, which is on November 30, 2021 (the first day to exercise redemption right) or on each interest payment date the first day to exercise redemption right
2. The issuer's right to redeem in case the Revenue Department or related departments changes the rule so that the issuer cannot treat interest paid to debenture holders as tax deductible expense for tax purposes
3. The issuer's right to redeem in case the credit rating changes the rating of the debenture so that the issuance of the debenture can be treated as part of Equity Credit less
4. The issuer's right to redeem in case of a change of accounting principle and methods the issuance of the debenture can be treated as part of Equity Credit less

Issue Rating "BBB (tha)" by Fitch Ratings (Thailand) Limited

9. Debentures No.1/2017 Subordinated and unsecured debentures in registered name form

Offering	Institutional investors (Limit 10 investors)
Outstanding Debenture Value	Baht 4,500 million
Issue Date	March 27, 2017
Interest Payment Date	Twice a year on each September 27 and March 27 that the debentures are outstanding; the first interest payment date on September 27, 2017.
Issue Rating	"A- (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
12 years	4,500,000,000	4.70%	27 March 2029

10. Debentures No.2/2017 Subordinated and unsecured debentures in registered name form

Offering High net worth and/or Institutional investors

Outstanding Debenture Value Baht 3,000 million

Issue Date August 18, 2017

Interest Payment Date Twice a year on each February 18 and August 18 that the debentures are outstanding; the first interest payment date on February 18, 2018.

Issue Rating "A- (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
10 years	3,000,000,000	3.96%	18 August 2027

11. Subordinated perpetual debentures No.1/2017 payable upon dissolution with the issuer's right to early redemption and unconditional interest deferral.

Offering Public offering and/or Institutional investors

Outstanding Debenture Value Baht 10,000 million

Issue Date August 22, 2017

Interest Rate

Year 1-5: Interest rate at 5.0%

Year 6-10: Interest rate equal to the sum of (a) five-year government bond yields * (b) Initial Credit Spread 3.07 percent per year, (c) the rate of 0.5 percent per year.

Year 11-50: Interest rate equal to the sum of (a) five-year government bond yields * (b) Initial Credit Spread 3.07 percent per year, (c) the rate of 1.1 percent per year.

Year 51 onwards: Interest rate equal to the sum of (a) five-year government bond yields * (b) Initial Credit Spread 3.07 percent per year, (c) the rate of 2.1 percent per year.

* Interest rate will be adjusted every five years based on the government's five-year bond yields at the end of day two days prior to the interest-rate adjustment date.

Interest Payment Date Twice a year on each February 22 and August 22 that the debentures are outstanding; the first interest payment date on February 22, 2018.

Redemption Right Issuer has the right to redeem the debentures in the following cases:

1. The Issuer's right to redeem the debentures on 5-year maturity date starting from the issue date, which is on August 2022 (the first day to exercise redemption right) or on each interest payment date the first day to exercise redemption right
2. The issuer's right to redeem in case the Revenue Department or related departments changes the rule so that the issuer cannot treat interest paid to debenture holders as tax deductible expense for tax purposes
3. The issuer's right to redeem in case the credit rating changes the rating of the debenture so that the issuance of the debenture can be treated as part of Equity Credit less
4. The issuer's right to redeem in case of a change of accounting principle and methods the issuance of the debenture can be treated as part of Equity Credit less

Issue Rating "BBB (tha)" by Fitch Ratings (Thailand) Limited

12. Debentures No.3/2014 Unsubordinated and unsecured debentures in registered name form

12.1 Without debentureholder representative

Offering Institutional investors and/or High net worth

Outstanding Debenture Value Baht 9,000 million

Issue Date November 17, 2017

Interest Payment Date Twice a year on each May 17 and November 17 that the debentures are outstanding; the first interest payment date on May 17, 2018

Issue Rating "A (tha)" by Tris Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
10 years	9,000,000,000	3.50%	17 November 2027

12.2 With debentureholder representative

Offering Public offering

Outstanding Debenture Value Baht 9,000 million

Issue Date November 30, 2017

Interest Payment Date Twice a year on each May 30 and November 30 that the debentures are outstanding; the first interest payment date on May 30, 2018

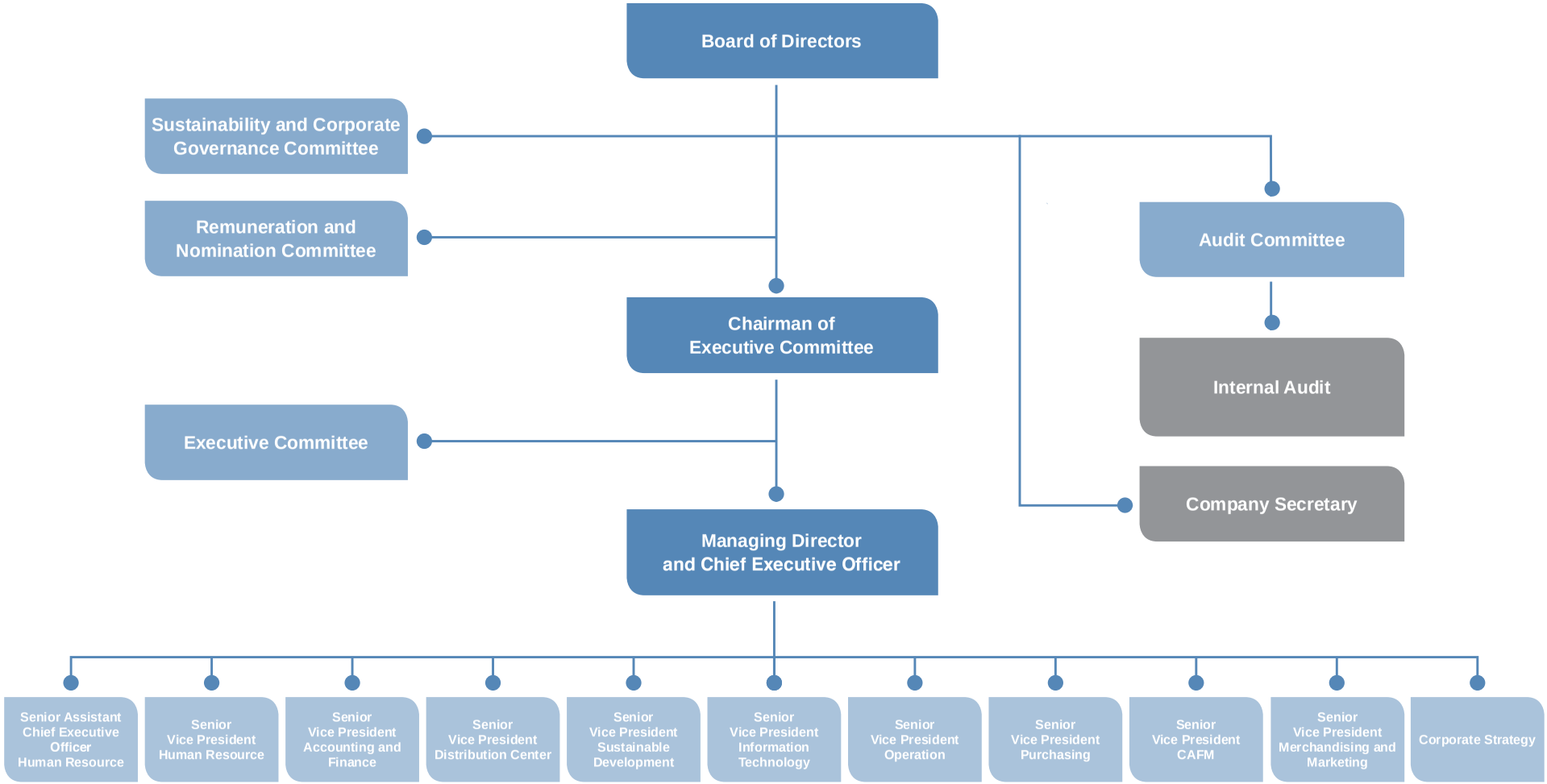
Issue Rating "A (tha)" by Tris Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
5 years	9,000,000,000	3.10%	30 November 2022

Management Structure

Management Structure

Management structure as of 31 December 2018



Executives who shall declare remuneration

1. Board of Directors

As of 31 December 2018, the Company's Board of Directors consists of 15 members including:

1. Executive Directors 5 persons
2. Non-Executive Directors 10 persons, which are as follows:
   - Independent Directors 5 persons (account for one-third of Board members)
   - Non-executive Directors 5 persons

Names of the Board of Directors

1.	Prof. Dr. Komain Bhatarabhirom *	Independent Director
	Mrs. Nampung Wongsmith *	Independent Director
2.	Mr. Pridi Boonyoung	Independent Director
3.	Mr. Padoong Techasarintr	Independent Director
4.	Adj. Pro. Prasobsook Boondech	Independent Director
5.	Pol. Gen. Phatcharavat Wongsuwan	Independent Director
6.	Mr. Dhanin Chearavanont	Chairman
7.	Mr. Korsak Chairasmisak[1]	Vice Chairman and Chairman of Executive Committee
8.	Mr. Adirek Sripratak[2]	Director
9.	Mr. Umroong Sanphasitvong[2]	Director, Member of Executive Committee
10.	Mr. Soopakij Chearavanont[2]	Director
11.	Mr. Narong Chearavanont[2]	Director
12.	Mr. Prasert Jarupanich[2]	Director
13.	Mr. Pittaya Jearavisitkul[1]	Director and Vice Chairman of Executive Committee
14.	Mr. Piyawat Titasattavorakul[2]	Director and Vice Chairman of Executive Committee
15.	Mr. Tanin Buranamanit[1]	Director, Member of Executive Committee, Managing Director and Chief Executive Officer

* Prof. Dr. Komain Bhatarabhirom resigned effective 21 February 2018 and Mrs. Nampung Wongsmith was appointed as an independent director in place of the resigned director, effective 22 February 2018

** Directors No. 7-15 are Authorized Directors.

Authorized Directors:

Certification documents of the Company stipulate that the binding signatures must include 2 authorized directors-consisting of any authorized director from both Executive[1] and Non-Executive[2] members, excluding the Chairman and Independent Directors for the existence of independence in compliance with good corporate governance principles. Both directors must sign and affix the Company's seal.

Definition

Executive Directors:

The directors who hold a position in the management and are involved in the day-to-day operations of the organization.

Non-Executive Directors:

The directors who do not hold a position in the management, and are not involved in the day-to-day operations of the organization, may or may not be an independent director.

Independent Directors:

Independent or outside directors who are not engaged in the day-to-day management of the organization and are not major shareholders. Furthermore, independent directors must have no such connection with a major shareholder, group of major shareholders, or other stakeholders.

Position in Sub-Committees

Name List	Audit Committee	Sustainability and Corporate Governance Committee	Remuneration and Nomination Committee
1. Prof. Dr. Komain Bhatarabhirom *	Chairman	-	-
Mrs. Nampung Wongsmith *	Committee	-	-
2. Mr. Padoong Techasarintr *	Chairman	Committee	Committee
3. Mr. Pridi Boonyoung	Committee	-	-
4. Adj. Pro. Prasobsook Boondech	-	Chairman	-
5. Pol. Gen. Phatcharavat Wongsuwan	-	Committee	Chairman
6. Mr. Dhanin Chearavanont	-	-	-
7. Mr. Korsak Chairasmisak	-	-	-
8. Mr. Adirek Sripratak	-	-	-
9. Mr. Umroong Sanphasitvong	-	Committee	-
10. Mr. Soopakij Chearavanont	-	-	Committee
11. Mr. Narong Chearavanont	-	-	-
12. Mr. Prasert Jarupanich	-	-	-
13. Mr. Pittaya Jearavisitkul	-	-	-
14. Mr. Piyawat Titasattavorakul	-	-	-
15. Mr. Tanin Buranamanit	-	-	-

Note: 1. Director No. 1 - 5 are Independent Directors with qualifications of an Independent Director in compliance with the Company's requirements.
2. Prof. Dr. Komain Bhatarabhirom resigned effective 21 February 2018 and Mrs. Nampung Wongsmith was appointed as an Audit Committee in place of the resigned director, effective 22 February 2018.
3. Mr. Padoong Techasarintr was appointed as Chairman of Audit Committee in place of the resigned director, effective 22 February 2018.

Board of Directors' Meeting

1. The Board of Directors' Meeting is held once every quarter on a normal basis. Directors must regularly attend the Board of Directors' Meetings to be informed of and jointly make decisions on the Company's business operations. At least 7 Board of Directors' Meetings are organized each year and the dates of the Board of Directors' Meetings are predetermined one year in advance so that directors can arrange their schedule to attend the meeting. However, additional meetings may be called if there are special matters that require the Board's approval or urgent matters that require the Board's consideration.
2. In 2018, a total of 8 Board of Directors' Meetings were held which was appropriate for the duties and responsibilities of the Board and the operations of the Company in the previous year. In addition, there was one Non-Executive Directors Meeting in 2018. The attendance of the Board of Directors at the meetings was not less than 80 percent.

3. The meeting's invitation, agenda and relevant documents were sent to the directors at least 7 days prior to the meeting date to allow sufficient time for the directors to study the information before decision-making. In the consideration of any issue, the directors are entitled to look at or check the related documents and ask the management to provide additional information.
4. In every meeting, the management had been asked on questions raised by directors. The directors exercised careful, independent and transparent judgment with fair consideration for the interests of shareholders and stakeholders. Directors with vested interests in the matter under consideration must leave the meeting during consideration of that matter. The Chairman also provided sufficient time for directors to discuss problems and possible solutions. Management related to the presented agenda item were invited to the meeting to provide additional details and answer questions, which also is a good opportunity for the management to get to know the high-level executives for further job-handover.
5. After the Board of Directors' Meetings, the minutes were prepared, approved by the Board and filed at the Company Secretary Office for future reference and verification by directors and related persons.
6. In some cases, the Company organized for outside consultants or experts to provide advice or additional information to the Board of Directors, at the Company's expense.

Names of the Board of Directors and Board Members Attendance for the Year 2018 (Number of Times)

Name List	Positions	Number of Meetings (8 times)	Shareholders' Meetings (1 time)
1. Prof. Dr. Komain Bhatarabhirom *	Independent Director	1/1	-
Mrs. Nampung Wongsmith *	Independent Director	5/6	1/1
2. Mr. Pridi Boonyoung	Independent Director	8/8	1/1
3. Mr. Padoong Techasarintr	Independent Director	8/8	1/1
4. Adj. Pro. Prasobsook Boondech	Independent Director	8/8	1/1
5. Pol. Gen. Phatcharavat Wongsuwan	Independent Director	8/8	1/1
6. Mr. Dhanin Chearavanont	Chairman	4/8	1/1
7. Mr. Korsak Chairasmisak	Vice Chairman	8/8	1/1
8. Mr. Adirek Sripratak	Director	8/8	1/1
9. Mr. Umroong Sanphasitvong	Director	8/8	1/1
10. Mr. Soopakij Chearavanont	Director	4/8	1/1
11. Mr. Narong Chearavanont	Director	7/8	1/1
12. Mr. Prasert Jarupanich	Director	7/8	0/1
13. Mr. Pittaya Jearavisitkul	Director	7/8	1/1
14. Mr. Piyawat Titasattavorakul	Director	8/8	1/1
15. Mr. Tanin Buranamanit	Director	8/8	1/1

* Prof. Dr. Komain Bhatarabhirom resigned effective 21 February 2018 and Mrs. Nampung Wongsmith was appointed as an independent director in place of the resigned director, effective 22 February 2018

2. High-Level Executives

As of 31 December 2018, the Company had a total of 17 high-level executives consisting of

- Executive Committee 7 persons
- Executive Officers 12 persons (2 persons are also in the Executive Committee)

2.1 Executive Committee

The Executive Committee consists of at least 3 persons who are the Company's directors and/or the executives of the Company as approved by the Chairman of the Executive Committee. At each Executive Committee Meeting, the Executive Committee may invite other persons such as the representative from the management and/or external advisors to join the meeting as deemed necessary.

The Company's Executive Committee is as follows:

1.	Mr. Korsak Chairasmisak	Chairman of Executive Committee
2.	Mr. Pittaya Jearavisitkul	Vice Chairman of Executive Committee
3.	Mr. Piyawat Titasattavorakul	Vice Chairman of Executive Committee
4.	Mr. Umroong Sanphasitvong	Member of Executive Committee
5.	Mr. Tanin Buranamanit	Member of Executive Committee
6.	Mr. Wisade Wisidwinyoo	Member of Executive Committee
7.	Mr. Taweesak Kaewrathtanapattama	Member of Executive Committee

Scope of Authority and Responsibilities of the Executive Committee

1. Consider the Company's objectives, business strategies, budget, and investment projects. In case the situation changes, the Executive Committee will review the use of the budget and investment projects that were previously approved to be appropriate for the changing situation.
2. Monitor the performance and progress of investment projects and report the overall results including the problems or obstacles encountered and the guidelines for improvement
3. Monitor the results of the Company's risk management
4. Monitor the results of human resource development, appointment and relocation of executives according to human resource plan, remuneration guidelines, and evaluation criteria of high-level executives
5. Consider financing options when there is a need to find funding sources for various investment projects
6. Monitor the use of funds, management of the funds, and the Company's financial status
7. Perform any other tasks as considered appropriate and assigned by the Chairman of the Executive Committee

Appointment and Removal of the Executive Committee

The Company's Board of Directors appoints and removes the Executive Committee according to the proposal of the Chairman of the Executive Committee by a majority of votes at the Board of Directors' Meeting.

Chairman of the Executive Committee

The Chairman of the Executive Committee, Mr. Korsak Chairasmisak, was appointed by the Board of Directors' Meeting on 7 August 2013 and is authorized to perform duties in relation to the Company's policies, strategies, operational plans, budgets and investment projects with honesty and prudence to protect the benefits of the Company, and in compliance with the laws, the objectives, the Company's Articles of Association, and the policies set by the Board of Directors. To assist in effective and efficient management of the Company, the Chairman of the Executive Committee is authorized to propose the appointment and removal of persons in the following positions:

1. Nominate persons on the Executive Committee for the consideration and approval by the Board of Directors
2. Nominate persons for the position of Managing Director and Chief Executive Officer for the consideration and approval by the Board of Directors
3. Approve the appointment of Executive Officers according to the proposal from the Managing Director and Chief Executive Officer

Important matters that the Chairman of the Executive Committee must present to the Board of Directors' Meeting for consideration and approval include:

1. The sale or transfer of all or partial portions of the Company's business to other persons
2. The purchase or takeover or transfer of business from other companies or private companies
3. The execution, amendment and termination of agreements concerning the leasing out of all or substantial parts of the Company's business, the delegation of authority to other persons to manage the business of the Company or consolidation with other persons for the purpose of sharing of profit and loss
4. The amendment of the Memorandum or Articles of Association of the Company
5. The increment or decrement of capital, the issuance of debentures, the consolidation or dissolution of the Company
6. The approval of annual balance sheet and income statement
7. The appropriation of profits and payment of dividends
8. Approval of remuneration for directors
9. Appointment of auditor and determination of audit fees
10. The borrowing of money or the guaranteeing of loans or creation of obligations to the Company with financial institutions or other companies in the amount exceeding Baht 500 million per time
11. The lending of money to other companies in the amount exceeding Baht 500 million per time
12. The investment, joint-venture, increment of capital in subsidiaries, affiliates or other companies in the amount exceeding Baht 500 million per time
13. The Capital expenditure for investment in large projects or the acquisition of assets of the Company where the cost of such a project or the value of assets exceeds Baht 500 million per time
14. The sale or disposal of fixed assets of the Company at a sale or disposal price exceeding Baht 500 million per time
15. The operation plan and annual budget of the Company

The Chairman of the Executive Committee may sub-delegate the Executive Committee, Managing Director and Chief Executive Officer, Executive Officer and/or Employee of the Company to approve one or several matters as the Chairman of the Executive Committee considers appropriate, provided that the sub-delegated power may not be sub-delegated any further. With respect to the foregoing approval, the Chief Executive Officer or person delegated by him shall not be able to approve any transaction in which he or any person who may have a conflict of interest would have an interest or might have any other conflict of interest with the Company or its subsidiaries, unless such approval is in accordance with the policy and criteria approved by the Board of Directors.

Appointment and Removal of the Chairman of the Executive Committee

The Board of Directors appoints and removes the Chairman of the Executive Committee with majority vote of the Board of Directors' Meeting.

2.2 Executive Officers

As of 31 December 2018, the Company's Executive Officers consist of

1.	Mr. Tanin Buranamanit	Managing Director and Chief Executive Officer and in charge of Corporate Strategy
2.	Mr. Suraphan Pussadej	Senior Assistant Chief Executive Officer-Human Resource
3.	Mr. Taweesak Kaewrathtanapattama	Senior Vice President-Accounting and Finance
4.	Mr. Chuan Nimkittikul	Senior Vice President-Distribution Center Function
5.	Mr. Suwit Kingkaew	Senior Vice President-Sustainable Development
6.	Mr. Kosa Pongsupath	Senior Vice President-Information Technology
7.	Mr. Chairoj Tiwatmuncharoen	Senior Vice President-Operation
8.	Mr. Skol Tejasataporn	Senior Vice President-Purchasing
9.	Mr. Vichien Chuengviroj	Senior Vice President-Corporate Asset and Facilities Management
10.	Mr. Yuthasak Poomsurakul	Senior Vice President-Merchandising & Marketing
11.	Ms. Lawan Tienghongsakul	Senior Vice President-Human Resource
12.	Mr. Kriengchai Boonpoapichart *	Senior Vice President-Accounting and Finance (Vice)

* Mr. Kriengchai Boonpoapichart was appointed on 31 July 2018.

The Executive Committee and Executive Officers named above are executives classified according to the definition in the Notification of the Capital Market Supervisory Board under the Securities and Exchange Act.

Managing Director and Chief Executive Officer

The Managing Director and Chief Executive Officer, Mr. Tanin Buranamanit, was appointed by the Board of Directors' Meeting on 7 August 2013 and is authorized to perform duties in relation to the Company's operations and in compliance with the Company's objectives and the resolutions of the Board of Directors and Executive Committee, with authority as determined by the Chairman of the Executive Committee.

In addition, to assist with managing the Company to achieve the set objectives, the Managing Director and Chief Executive Officer is authorized to nominate persons as Executive Officers for consideration and approval by the Chairman of the Executive Committee.

Appointment and Removal of the Managing Director and Chief Executive Officer

The Company's Board of Directors appoints and removes the Managing Director and Chief Executive Officer according to the proposal of the Chairman of the Executive Committee by a majority of votes at the Board of Directors' Meeting.

3. Company Secretary

Mr. Supot Shitgasornpongse is the Company Secretary responsible for the following matters on behalf of the Company or the Board of Directors:

1. Preparing and keeping the following documents;
   - A. A register of directors
   - B. Notice of the Board of Directors' Meeting, Minutes of the Board of Directors' Meeting, and the Company's annual report
   - C. Notice of the shareholders' meeting and minutes of the shareholders' meeting
2. Keeping the reports of interest filed by the directors or executives;
3. Performing any other acts as specified in the notification of the Capital Market Supervisory Board.

In cases where the Company Secretary vacates his position or is incapable of performing his duty, the Board of Directors shall appoint a new Company Secretary within 90 days from the date on which the Company Secretary has vacated his position or has been incapable of performing his duty. In this regard, the Board of Directors shall be empowered to assign any director to perform the duty as the substitute during such period.

Person Supervising Accounting (Account Controller)

Mr. Voradech Hongdechanan, Vice President-Accounting, with the qualifications specified by the Department of Business Development, was appointed as the person supervising accounting (Account Controller) of the Company. The Account Controller is responsible for reporting correct and complete accounting details according to accounting standards and financial reporting standards; and attends Continuing Professional Development Program in compliance with the criteria, methods, and timeline according to the laws.

4. Remuneration for Directors and High-Level Executives

The Remuneration and Nomination Committee considers payment criteria and forms of director compensation before presenting to the Board of Directors and the shareholders' meeting for approval every year. The remuneration of directors is adjusted to be comparable to other companies in the same industry and appealing enough to attract and retain quality directors.

High-Level Executives' Remuneration Policy and Criteria

The Board of Directors determines the policy on high-level executives' remuneration to be at an appropriate level, fair, and in line with their responsibility in order to meet the expectations of various stakeholder groups and comply with related laws and regulations. The Remuneration and Nomination Committee has hired an independent expert to gather information and provide advice on establishing an appropriate compensation criteria and structure for high-level executives in order to present recommendations to the Board of Directors for approval. The following factors were taken into consideration:

- The Company's operating results with consideration to various pre-determined business indicators
- Comparison of the Company's operating results with other companies in the same industry
- Ability to develop business and improve business efficiency of each business unit each year
- Benchmarking with remuneration rates in the same industry

In 2018, the Board of Directors considered and approved the criteria and indicators for compensating high-level executives in the form of special bonus in addition to the current bonus in order to motivate and drive executives to achieve new goals. This will be considered from achievement of 3 goals, that is, customer satisfaction, ROE, and the Dow Jones Sustainability Index (DJSI) scores, which evaluate the effectiveness of business operations in accordance with the Company's sustainable development.

4.1 Cash Remuneration

(a) Remuneration for Directors

The 2018 Annual General Meeting of Shareholders on 20 April 2018 approved same rate of remuneration for directors as approved previously in 2017, as follows:

		Baht/person
1.	Independent Director who is the Chairman of the sub-committee	120,000
2.	Independent Director who is the member of the sub-committee	100,000
3.	Independent Director who is not a member of the sub-committee	80,000
4.	Chairman	120,000
5.	Vice Chairman	100,000
6.	Director	60,000

The Independent Director who is the member in several sub-committees shall receive only the highest rate of only one sub-committee.

In addition, the shareholders' meeting approved the bonus for directors at the rate of 0.50% of the dividend paid to the shareholders. The Chairman of the Board will allocate the appropriate amount of bonus to each director.

Remuneration for Directors (1 January - 31 December 2018)

(Million Baht)

Name and Surname	Positions	Remuneration	Bonus	Total
1. Prof. Dr. Komain Bhatarabhirom *	Chairman of the Audit Committee and Independent Director	0.240	4.178	4.958
Mrs. Nampung Wongsmith *	Audit committee and Independent Director	1.023	-	1.023
2. Mr. Padoong Techasarintr **	Chairman of Audit Committee, Sustainability and Corporate Governance Committee, Remuneration and Nomination Committee, and Independent Director	1.405	3.932	5.337
3. Mr. Pridi Boonyoung	Audit Committee and Independent Director	1.200	3.932	5.132
4. Adj. Pro. Prasobsook Boondech	Chairman of Sustainability and Corporate Governance Committee, and Independent Director	1.440	4.718	6.158
5. Pol. Gen. Phatcharavat Wongsuwan	Chairman of Remuneration and Nomination Committee, Sustainability and Corporate Governance Committee, and Independent Director	1.440	4.585	6.025
6. Mr. Dhanin Chearavanont	Chairman	1.440	4.718	6.158
7. Mr. Korsak Chairasmisak	Vice Chairman	1.200	3.932	5.132
8. Mr. Adirek Sripratak	Director	0.720	2.359	3.079
9. Mr. Umroong Sanphasitvong	Director, and Sustainability and Corporate Governance Committee	0.720	2.359	3.079
10. Mr. Soopakij Chearavanont	Director, and Remuneration and Nomination Committee	0.720	2.359	3.079
11. Mr. Narong Chearavanont	Director	0.720	2.359	3.079
12. Mr. Prasert Jarupanich	Director	0.720	2.359	3.079
13. Mr. Pittaya Jearavisitkul	Director	0.720	2.359	3.079
14. Mr. Piyawat Titasattavorakul	Director	0.720	2.359	3.079
15. Mr. Tanin Buranamanit	Director	0.720	2.359	3.079
Total		15.148	49.407	64.555

* Prof. Dr. Komain Bhatarabhirom resigned effective 21 February 2018 and Mrs. Nampung Wongsmith was appointed as an independent director in place of the resigned director, effective 22 February 2018.

** Mr. Padoong Techasarintr was appointed as Chairman of Audit Committee in place of the resigned director, effective 22 February 2018.

In addition, the Company's Audit Committee received remuneration of Baht 32,000 from a subsidiary company (Panyapiwat Institute of Management) for being their Audit Committee in 2018.

(b) Remuneration for High-Level Executives

In 2018, the Company paid remuneration for high-level executives (Executive Committee and Executive Officers), comprising of salary and bonus, totaling Baht 409.496 million.

4.2 Other Remuneration

(a) Other remuneration for directors

-none-

(b) Other remuneration for high-level executives

1. Provident Fund

The Company has established a provident fund, with the Company contributing 2 percent of monthly salary. In 2018, the Company contributed a total of Baht 4.839 million to the provident fund for high-level executives.

2. Employee Joint Investment Program (EJIP)

The Company has established an Employee Joint Investment Program (EJIP) to provide incentives and keep personnel working with the Company for a long time. The Employee Joint Investment Program No.3 has duration of 5 years. Executives who are eligible for the EJIP must have been employed with the Company for at least 3 years. The Company deducts 5 percent or 7 percent (on a voluntary basis) from the employee's monthly salary. The Company contributes 80 percent of the deductible amount from the employee in each month. In 2018, high-level executives joined the EJIP and the Company paid a total of Baht 11.604 million in contribution.

5. Personnel

(1) No. of Employees and Remuneration for Employees

2018	Convenience Store Business
Store employees (Persons)*	43,394
Head office staff (Persons)*	12,383
Total (Persons)	55,777
Remuneration for Employees (million Baht) *Comprises of salary, bonus, EJIP, provident fund and other fringe benefits	23,823

* Included only Company's permanent staff

(2) The Company's Preparation regarding Human Resources

The Company has made preparation regarding human resources by creating a strong foundation relating to education in order to build personnel to be prepared for business expansion. The Company uses "Work Base Learning", which is learning coupled with actual practice, with students at the Vocational Certificate, High Vocational Certificate and Bachelor's Degree level in the educational institutes established by the Company. These students will receive orientation before training in the Company's branch stores and office.

In addition, the Company has a concept related to diversity management in order to support the new generation who will be an important force for the Company in the future.

(3) Policy on Employee Development

The Company gives importance to continuous employee development in response to organizational goals and strategies in order to create competitive advantage; support the growth of stores, distribution centers, as well as new business expansion; cater to the ever-changing demands of customers; and create confidence among customers that they will receive quality products and services. Training has been organized to improve employees' knowledge, skills, and customer service attitude through various courses besides standard courses, such as Food Sanitation for Persons in Contact with Food, Food Safety Management and Control, Product Management for Muslim Customers, and Service for Foreign Customers using different languages such as Chinese, English, Russian and Khmer.

The Company is focused on developing good and highly capable people by taking care of and developing employees since starting their jobs with the On-boarding Program for new employees. This program enables new employees to adjust to the organizational culture and develop organizational commitment. In addition, there are standard courses for each position level to support employees' growth for positions in the organization. There is also employee development to have the necessary capabilities according to profession by using the Competency Based concept, such as location analysis and selection, store construction management, product management, and product quality development and guarantee. Moreover, the Company promotes productivity improvement through the Productivity Improvement (PI) Program which gives opportunities for employees at all levels to provide suggestions and use their potential to improve productivity and create useful and valuable innovations for the organization. The Company provides knowledge on productivity improvement to employees and organizes competitions for outstanding productivity improvement to stimulate and promote continuous improvement. Furthermore, the Company cultivates morality, ethics, and corporate governance in performing duties as well as spiritual development in order to create happiness at work and work-life balance.

In 2018, the Company organized various employee development programs as follows:

- CP ALL Young Challenger Program

To provide opportunities for the young generation to show their capabilities and release their potential as well as push forward "Our Way", the Company organized the CP ALL Young Challenger Program for employees less than 30 years old to join voluntarily. Employees will receive training to have Future Competency and preparedness in line with Our Way principle through the Design Thinking process in order to create innovation. Employees will receive Learning Experience in understanding the needs of customers which will lead to creation of projects that truly answer the needs of customers. In addition, employees have the opportunity to learn from leading organizations which will help to further develop ideas for their project, learn about communication and presentation techniques, and adapt the knowledge and skills gained from participating in the program to present a Prototype Project, which will enhance their leadership skills in the digital era. Three classes of employees totaling 115 persons have passed the program and a total of 18 projects have been presented.

- "Organizational Development for Sustainability" Course

The Company recognizes the importance of driving and supporting sustainable development for the organization and hence has established the CP ALL Sustainability Goals. The 15 Sustainability Goals cover economic, social, and environmental dimensions. In order to achieve the said goals, the Company's executives and employees must be aware of the importance of creating sustainability and have knowledge and understanding of the sustainability framework. Thus, the Company has initiated the Organizational Development for Sustainability Course for the management level so that executives understand the framework and goals, realize the importance and business value of the various goals, and join in helping the organization achieve the goals to develop and grow sustainably. Five classes totaling 479 executives at the assistant general manager level and above have passed the course.

- Service Leader Program

Service is one of the factors that create customer satisfaction and influence customers to buy the product or service. Thus, the Company gives importance to developing and improving Signature Services that are unique to CP ALL. To ensure that store managers learn and apply Signature Services and are good role models in managing the branch stores, the Company has implemented the "Service Leader Program" for store managers. Store managers with the desired qualities of a good leader and who are good role models in providing service with 5 key customer service skills are selected to join the program. These store managers will learn through Action Learning in creating and implementing service improvement projects at their store. There are also activities to stimulate and promote an excellent service environment by selecting outstanding service projects at the regional level and providing Reward & Recognition (tour and meal for the whole store). To date, a total of 890 store managers from 10 areas have joined the program.

- Coffee Master Program

The Company has implemented a program to support the Food & Beverage strategy by building the Food & Drinks Destination image for 7-Eleven stores among customers. Therefore, the Company has to ensure the readiness of employees at the stores and guarantee the ability of employees in selling All Café products. In this connection, the Company has organized a program to develop Field Consultants (FC) to be Coffee Masters. The Coffee Master is responsible for monitoring the work process of All Café products, giving initial advice on technical problems in using the equipment, evaluating the skills of employees who are Coffee Makers to ensure that there are sufficient Coffee Makers to support the expansion of All Café branches, and driving the sales of All Café products to meet set targets. The Coffee Master Program uses a mixture of learning methods, including classroom training, practical training, and Action Learning. There is also follow up assessment after completing the development program. Five classes totaling 79 Field Consultants (FC) have participated in this program.

Corporate Governance

1. Corporate Governance Policy

CP ALL Public Company Limited ("Company") is fully intent on conducting its businesses based on the principles of good corporate governance and has established goals and guidelines on innovation promotion and development plans. This is so as to create value for its businesses on a sustainable basis in addition to building up confidence for its investors. This will also then enable the Company to be fully competitive and to achieve positive performance results, through keeping in mind potential long-term impacts and operating its businesses in an ethical manner, as well as through respecting the rights of and acting responsibly towards its shareholders and all stakeholders so as to benefit society as a whole and to develop or reduce any negative impacts on the environment. Additionally, it will enable the Company to adapt towards any changing operational factors in an effective manner.

The Company has established its Corporate Governance (CG) Policy together with Guidelines on Good Corporate Governance for the Board of Directors, executives and employees, supporting units for corporate governance, and the Internal Audit Office. The Company has also reviewed, improved and updated its Corporate Governance Policy so as to be current and timely with the current situation. This is also to correspond to the current laws and requirements as specified by the concerned Government authorities and other relevant regulatory organizations responsible for overseeing corporate governance practices, together with being in line with international CG standards and always being acceptable standards of CG practices. As such, this Corporate Governance Policy covers 5 key operational aspects: Rights of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Information disclosures and transparency, and the Responsibilities of the Board of Directors.

The Handbook on Business Ethics and Code of Conduct published by the Company is reviewed, improved, and updated every year. The Handbook describes the principles and required behavior with regards to business ethics and morality for the Company's directors, executives, and employees. This is so that they will all discharge their duties and responsibilities with honesty, full adherence to all relevant laws, transparency, strict observance of the principles of fairness and good morals, priority to customers, and responsibility towards society; as well as not to be involved with politics and always keeping in mind all stakeholders including the rights of various other parties specified by the law, not to be involved with any acts of human rights violation; to be against corruption, not to accept any unusual benefits or compensation, not to be involved in offering or receiving any bribes, not to be involved with any conflict of interest situations, to protect assets, not to use inside information for unlawful gains, and not to act in any way that violates or infringes on the intellectual property rights of others. The Company has distributed this Handbook to all directors, executives, and employees within the organization. Training sessions were also undertaken to inform and educate employees so that they fully understand the guidelines in a correct manner, which will then result in the various operations of the Company to be undertaken with good quality and high moral standards together with fairness, transparency, and full accountability.

Compliance to the Corporate Governance Policy and the various relevant Corporate Governance Operating Procedures Guidelines Applicable for the Company

Section 1 Right of Shareholders

All shareholders are entitled to receive their basic rights, both as an investor and corporate owner, through accepted and trusted methods and standards. These rights include rights to buy, sell and transfer their shares freely; rights to receive dividends; rights to attend shareholders' meetings or assign a proxy to attend and vote on their behalf; and rights to join in deciding on important matters of the Company such as selection of directors and approval of important business transactions that will have an impact on the Company's business direction. All shareholders have the right to vote according to the number of shares they hold. Each share is entitled to one vote and no share has special privileges above other shares.

The Annual General Meeting of Shareholders for the year 2018 approved the amendment of the Company's Articles of Association as proposed by the Board of Directors regarding the right of minority shareholders to summon an Extraordinary Meeting of Shareholders. The aggregate number of shares of at least twenty percent is changed to ten percent without any requirement on the number of shareholders.

Besides the above basic rights entitled to shareholders according to the law, the Company also encourages shareholders to use their rights as follows:

Prior to the Shareholders' Meeting

The Company invited individual shareholders or groups of shareholders, who hold minimum shares of not less than 5 percent of the total voting shares of the Company, to propose agenda items in advance for the Annual General Meeting of Shareholders for the Year 2018. The Company prepared a form to propose agenda items for the convenience of shareholders and informed shareholders via the Company's website and the Stock Exchange of Thailand during 25 September until 31 December 2017. This was done 90 days before the last day of the fiscal year to allow time for the Company Secretary to screen the proposed agenda items before presenting to the Board of Directors for consideration. In considering the agenda items proposed by shareholders, there are clear and reasonable criteria. In addition, the Board of Directors has a policy not to add agenda items that have not been informed in advance unnecessarily. During this time, no shareholders proposed additional agenda items in advance.

The Company held the Annual General Meeting of Shareholders on 20 April 2018 at the Meeting Room on the 3rd floor, Convention Hall Center, Panyapiwat Institute of Management, Chaengwattana Road, Pak Kret, Nonthaburi. The Company sent out the invitation to the shareholders' meeting and accompanying documents, both Thai and English version, to shareholders more than 21 days prior to the meeting. This information was also posted on the Company's website at www.cpall.co.th on 15 March 2018, which is more than 30 days prior to the meeting so that shareholders have sufficient time to study the information ahead of the meeting. There were no extraordinary meetings of shareholders in 2018.

The Company's invitation to the shareholders' meeting had clear agenda items and correct and sufficient information as follows:

1. Registration form with barcode that was sent along with the invitation letter to facilitate registration for shareholders
2. 3 types of proxy forms for shareholders to use as appropriate i.e. Proxy form (A), (B), and (C)
3. Minutes of the previous shareholders' meeting
4. Agenda item on appointment of directors stated information on the nominated persons to be selected for the Board of Directors including first and last name, age, education, work experience, training from the Thai Institute of Directors Association (IOD), director position held in other companies separated into listed companies and general companies, type of director position nominated, attendance at meetings in the past year, date position first held in the Company, and term of office since first appointed
5. Information on the qualifications of independent directors as determined by the Company to use in considering the appointment of independent directors
6. Agenda item on the approval of dividend payment stated the dividend policy, proposed dividend payment amount, and dividend payment statistics
7. Explanation on proxies, registration, and required documents to be presented on the meeting day
8. Information on the 3 directors to be appointed by the shareholder to attend and vote on his/her/its behalf; one out of the 3 directors is an independent director
9. The Company's Articles of Association regarding the shareholders' meeting
10. Annual Report 2018 and Sustainability Report 2018 with information on nature of business, management discussion and analysis, auditor's report and financial statements
11. A map of the meeting venue with directions for travelling by car or public transport
12. Each agenda item clearly states whether the matter is for acknowledgement or approval, the facts and reasons, the Board's opinions, the rules and procedures for voting, and the number of votes needed for the resolution
13. In order to receive the greatest benefits from the meeting and allow directors and executives to prepare to explain on the meeting day, shareholders are invited to send their questions to the Company prior to the meeting day
14. To provide convenience to the proxies having numerous documents, especially financial institutions, mutual funds or those overseeing the securities for investors, the Company has liaised to ask for cooperation from the financial institutions or mutual funds to send documents related to the meeting to the Company in advance to allow the Company to check the documents prior to the shareholders' meeting

At the Day of the Shareholders' Meeting

The Company organized the Annual General Meeting of Shareholders at Panyapiwat Institute of Management on Chaengwattana Road which has a meeting room that can sufficiently accommodate shareholders. Staffs were assigned to welcome and assist shareholders to ensure that everything was in good order. Registration opened 2 hours before the meeting to allow sufficient time to check the documents of shareholders and proxies. To ensure correct and fast registration, the Company arranged sufficient staff and tables and used barcodes for registration. Upon successful registration, shareholders received voting cards for each agenda item for voting in the meeting room.

Before the meeting commenced, the Secretary of the Meeting asked for shareholders' cooperation to turn off their mobile phones to prevent disturbing the concentration of other shareholders. The Secretary then informed the shareholders of the Company's voting procedures. A shareholder of the Company's ordinary shares has one vote for each share of which he/she is the holder. Voting and vote counting was transparent. The barcode system was used in vote counting which made tallying fast and accurate. In addition, an independent legal advisor oversaw that the shareholders' meeting was conducted correctly in compliance with the law and the Company's regulations. The independent legal advisor also monitored the vote counting. The voting results of each agenda item, including the number of agree votes, disagree votes, abstain votes and voided ballot, were displayed on the screen for shareholders to easily view. In the case of agenda items where the directors have conflict of interest or agenda items concerning connected transactions, the screen also showed the number of votes not entitled to vote.

The Chairman of the Audit Committee, the Chairman of the Corporate Governance Committee, the Chairman of the Remuneration and Nomination Committee, members of the Audit Committee, Independent Directors, Directors, Chairman of the Executive Committee, Vice Chairman of the Executive Committee, Managing Director and Chief Executive Officer, and the Company's top executives gave high importance to the shareholders' meeting and were present in all the meetings. The Company's external auditor, legal advisor, and advisor to the Board of Directors were also invited to the meeting to provide information and answer shareholders' questions. Moreover, the Company invited representatives from external regulatory organizations such as representatives from the Thai Investors Association joined in asking questions at the meeting.

In case the meeting has already started, the shareholders who arrive late can still attend and vote for the remaining matters and unapproved agenda.

The Company clearly set the agenda items for the shareholders' meeting as follows:

- In the agenda item of dividend payment, the Company clearly stated its dividend policy and provided details of the proposed dividend amount, record date, tax credit for dividend payment from the Revenue Department, and history of dividend payment for the past 3 years. All details were provided in the invitation to the meeting, providing time for the shareholders to consider the information before attending the meeting.
- In the agenda item of selection of directors, the Company provided opportunity for shareholders to vote on an individual basis. Each shareholder shall have a number of votes equal to one share per one vote and must exercise all the votes he/she has to appoint an individual or several persons to be director(s) but shall not split his/her votes among any person or group. The invitation letter has accompanying documents with details of the directors nominated for selection and the clearly stated voting procedures.
- In the agenda item of remuneration for directors, the Company disclosed the criteria for remunerating directors in each position and has set the agenda item to consider and approve the remuneration of the Company's directors at the shareholders' meeting every year even though there is no change in the amount of the remuneration from the previous meeting resolution.
- In the agenda that are significant in related to law and regulations and may have impacts on the Company's operation.

The Chairman of the Meeting allocated sufficient time, conducted the meeting appropriately and transparently, and provided opportunities for shareholders to express their opinions and raise questions in each agenda item. The questions and answers were

clearly and completely recorded by the Secretary of the Meeting. Each agenda item indicated the meeting resolution and result of the votes, including the number of agree votes, disagree votes, abstain votes or unentitled votes and voided ballot. The video recording of the meeting was posted on the Company's website after the meeting to enable shareholders who were unable to attend or interested persons to be informed of the issues discussed during the meeting.

The Company organized the Annual General Meeting of Shareholders in accordance with the related law and regulations and the Company's regulations. Only the agenda items that were indicated in the meeting invitation were considered.

After the Shareholders' Meeting

After the Shareholders' Meeting the Company disclosed the resolution of the shareholders' meeting and the voting results through the Stock Exchange of Thailand within the same day. The Company prepared and submitted the Minutes of the Shareholders' Meeting to the Stock Exchange of Thailand within 14 days from the date of the meeting as well as posted the minutes on its website within 1 month from the date of the meeting. The Company recorded the names and position of directors who attended the shareholders' meeting or were absent, voting procedures, vote counting, meeting resolution, voting results (approved, disapproved, abstained and voided ballot) of each agenda, including questions and answers from the meeting in the minutes.

From the assessment of the quality of the Company's 2018 Annual General Meeting of Shareholders conducted by the Thai Investors Association, the Company received a score of 99.00 out of a total of 100, higher than the average score of listed companies in the Stock Exchange of Thailand of 92.42, as well as the Company's score in 2017.

Section 2 Equitable Treatment of Shareholders

Even though each shareholder has unequal voting rights due to the different number of shares held by each, this does not mean that their basic rights as shareholders are different. The Company gives importance to and recognizes the rights of every single shareholder, whether major or minor shareholders, institutional or individual shareholders, local or foreign shareholders. Therefore, the Company will not perform any acts which are considered as preferential treatment or which will lead to unfair treatment to shareholders under related laws and regulations. In 2018, the Company performed the following:

1. Shareholders' meeting

- The Company provided an opportunity for minority shareholders to propose agenda items in advance for the Annual General Meeting of Shareholders for the Year 2018. The invitation was posted via the Company's website and the Stock Exchange of Thailand 90 days before the last day of the fiscal year to provide sufficient time for shareholders and to enable the Company Secretary to propose the agenda item to the Board of Directors for approval to be included in the shareholders' meeting.
- In the case where shareholders are unable to attend the meeting in person, the Company proposed 3 directors to be selected as proxies, one of which was Mr. Padoong Techasarintr, who is the Independent Director and Audit Committee, as an alternative for shareholders to appoint one of the directors to attend the meeting as their proxy and vote on their behalf.
- The Company sent all 3 proxy forms to shareholders so that they can choose the form that best suits their needs. However, in the invitation notice, the Company advised shareholders to use form B. which has the most detail
- The invitation to the shareholders' meeting clearly states the documents that must be brought on the day of the shareholders' meeting, separated into different cases. Documents that are required for presentation at the shareholders' meeting are according to international practice.
- The Company sent the invitation to the shareholders' meeting and associated explanatory documents in English to foreign shareholders.
- In the selection of directors, the Company votes on individual directors.
- Use voting cards for voting.
- Record the minutes of the meeting in a correct, complete and timely manner.

2. Directors and Executives

The Company has strict written procedures to prevent the use of insider information as follows:

- Established a policy and guidelines on conflicts of interest to prevent the use of insider information by insiders before it is announced to the public. Established a policy to prevent the use of inside information and disseminated an announcement warning directors and executives to suspend trading in the Company's shares in the one-month period prior to and one day after the release of the Company's financial reports to the public. Moreover, one day in advance notice is required for any transaction of the Company's shares.
- In the Board of Directors' Meeting, directors or executives with vested interests in connected transactions shall be excluded from attending the meeting and voting on that particular agenda item. In addition, if it is a transaction which must be disclosed or receive approval from shareholders according to the regulations of the Stock Exchange of Thailand, the Company disclosed the details and reasons for entering into the transaction, relationships of the connected persons, and calculations of the value of the transaction so that shareholders are informed of the details of the transaction.
- The directors and executives shall file a report of their interests and that of related persons every year and every time there is a change to the Company Secretary. In addition, copies shall be sent to the Chairman of the Board of Directors and the Chairman of the Audit Committee.
- The directors and executives shall file their holdings of the Company's shares and those held by their related persons and report to the Board of Directors' Meeting quarterly.
- Established guidelines regarding not using insider information for unlawful gains in the Handbook on Business Ethics and Code of Conduct
- The related transactions which occurred in 2018 are honest and fair transactions under the ordinary course of business.
- The Company does not have a business group structure that engages in related transactions that may have conflicts of interest.

Section 3 Role of Stakeholders

The Board of Directors gives much importance to all stakeholder groups, through taking into consideration their respective rights as specified by the law - regardless of whether they are internal or external stakeholders. As such, this is to create mutual benefits for everyone on a sustainable basis as well as to encourage and promote close cooperation between the Company and the stakeholders in creating stability and security for the Company.

The Company gives importance to conducting its business operations with social responsibility, which also includes operating its business in an equitable manner through respecting human rights, treating the workforce equitably, occupational safety, health and environment, acting responsibly towards all consumers, protecting personal information and privacy, taking good care of the environment, participating in community development, preventing money laundering, and anti-corruption.

The Company has improved its Handbook on Business Ethics and Code of Conduct, which is reviewed every year to correspond with changes and be up-to-date. The Handbook is published and distributed to all directors, executives and employees for their information and strict compliance to ensure that the rights of all stakeholder groups are protected.

This CG Policy on the treatment of all stakeholders of the Company can be summarized as follows:

1. Shareholders:

The Company is committed to conducting its business operations in an effective manner as well as with transparency and all due care, in order to achieve positive performance results together with ongoing growth and stable development of the organization, and to increase economic added value for the shareholders in the long term. The Company also gives importance to its shareholders through adhering to

the principle of all shareholders being equal, together with looking after the benefits of all shareholders alike through having measures in place to protect against the use of inside information for the personal benefit of directors or executives and to ensure that directors and executives are accountable for their actions and not use their authority or position or inappropriate behavior that may bring about personal benefit or conflicts of interest.

2. Customers:

The Company gives importance and special attention to its customers with the highest level of responsibility so that our customers will be fully satisfied with regards to the good quality and good value received, through fully disclosing all relevant information to our customers in a transparent and equitable manner as well as through close control of our operations so as to ensure the quality of both our products and services. This is especially so relating to food products, that must be delicious, fresh, clean, safe to eat and always provide good value. Additionally, we are committed to further developing our product and service offerings together with maintaining the sustained good customer relations, through clearly establishing the policy for treating our customers in an equitable manner and acting responsibility towards our customers in our Handbook on Business Ethics and Code of Conduct in working in the Company, that has been widely distributed throughout the Company for awareness and adherence.

Additionally, the Company also has in place mechanisms and procedures that allow customers to access various relevant information, to contact us for business reasons, and to lodge any requests or complaints, such as: via the Branch outlets, by mail, via the Company's website, and via our Call Center, etc.

Operating Guidelines on the Treatment of the Company's Customers

1. The Company's management and employees must know and fully understand about the products and services offered by CPAll, as well as must give customers relevant and complete information.
2. The Company's management and employees must study and fully understand the customer requirements in detail before offering any products or services to customers so as to meet their exact needs; as well as always be interested to seek out additional knowledge and information together with building up their work experiences so as to be more effective at work and achieve improved customer satisfaction.
3. The Company's management and employees must treat all customers in a courteous manner and with respect, as well as must speak politely to all customers.
4. The Company's management and employees must have a positive mindset towards their work in serving customers, as well as give importance to and discharge to the best of their ability the required customer service activities. This will then result in such customer service activities to be of value and effective, and lead to achieving customer service excellence.
5. The Company's management and employees must respect the decision and opinions of customers, as well as must not infringe on any personal rights of customers. They must be happy to receive any complaints from customers and be prepared to immediately rectify the problem. In the event that there are limitations or more time is required to resolve the problem, the customer must be informed of the situation within an appropriate period of time together with periodically keeping the customer informed of the status of the problem that is being resolved.

3. Employees:

Employees are considered to be the most valuable resources as well as being the vital heart of the Company, that enables and supports the business operations to be successful as targeted.Since the Company's operations are driven by a numerous quantity of people, much importance is, therefore, given to paying close attention to and preparing the readiness of the various aspects relating to the

Company's people resources - from recruitment, screening and careful selection, to developing their capabilities and taking good care of their needs and problems. This is in order to create, build up and maintain employee engagement and loyalty and also a close relationship with them, so that they will work and grow together with the Company in a sustainable manner. This corresponds to the Company's key philosophy that "Through happy employees, we desire to see smiles from customers."

- **The Workforce and Human Rights**

  Policy on Human Rights and with regards to the Workforce

  The Company has a policy on human rights and with regards to the workforce. This is an indication of both the recognition by and responsibility of the Company in promoting its observance of the international Declaration of Human Rights, through determining the policy and associated operating procedures that correspond to the recommendations by the UNGP : UN Guiding Principles on Business and Human Rights. Additionally, the Company is committed to maintaining the principles of the UN Global Compact on human rights (Principles 1 and 2) and the operating guidelines with regards to the workforce (operating guidelines 3 - 6).

  Operating guidelines on human rights and with regards to the workforce

  1. Respect and strictly comply with the established rules and regulations of the Company as well as both the relevant domestic and international laws.
  2. Monitor and assess the associated risks together with potential impacts relating to human rights on a regular basis, as well as determine procedural guidelines or measures in managing such risks as appropriate. As such, all operating business units have the direct responsibility to oversee and manage their respective relevant risks.
  3. Develop two-way channels of communications, in order to promote both awareness and full understanding together with the respective compliance with regards to respecting human nights. This will also allow employees and stakeholders to have an opportunity to express their opinions with regards to any issues and to submit any information or complaints on any alleged infringement and violation of human rights.
  4. Establish procedures to investigate any information or complaints submitted after being informed by any employee and/or stakeholder, together with reporting the matter to senior management, in order that further operational development, relief or remedy and resolution of the reported problem affecting human rights can take place as required and as appropriate.
  5. Disseminate and communicate this policy to the Company's business partners, in order that they may also have procedural guidelines in managing such risks so as to protect the Company from being a part of any associated operating activities involving a violation of human rights.
  6. Encourage and support the Company's business partners to also join in operating their businesses with ethics and responsibility towards society, in order to promote a corporate culture of mutual respect together with the development of business competitiveness in a sustainable manner. As such, the Company's commitment to fully respect human rights is clearly reflected in the establish policy on the management of various key business operational aspects of the Company as follows:
     - Policy on Corporate Governance
     - Policy on Required Ethics and Business Conducts
     - Policy on Corporate Social Responsibility (CSR)
     - Policy on Hiring Employees and Workforce Management
     - Policy on Managing Diversity and Acceptance of Differences
     - Policy on Health & Safety and the Environment
     - Policy on Sustainable Sourcing and Operating Guidelines for Business Partners

Policy on Managing Diversity and Acceptance of Differences

The Company recognizes the power of collaboration, that is important in driving the ongoing development and growth of businesses; whereby part of which comes from having a diversity of people within the workforce that can add value to and result in innovation within the Company. Therefore, by managing diversity and accepting differences in an appropriate manner, the Company is able to attract and retain people who are capable and good, as well as bring out and make use of the best potential capabilities from the employees

Operating Guidelines on Managing Diversity and Accepting Differences

1. Leaders at every level must be prepared to listen to differing opinions from others.
2. Encourage and drive employees to be courageous in openly expressing their ideas and opinions that are creative and within the established internal legal framework of the country in which the Company is operating its business.
3. Create a positive working environment and atmosphere of mutual respect, in which employees can coexist together based on having varying differences – regardless of whether it is personal likes or dislikes, personal characteristics, race, religious beliefs, skin color, gender, age, or marital status.
4. Do not discriminate or be bias in the recruitment and selection of new employees, through providing equality and equal opportunities for career advancement based on the respective performance results of the individual Employee as well as corresponding to the overall development and growth of the Company.
5. Congratulate and praise employees as appropriate according to their respective level of creativity and degree of contribution to the innovation and improvements of operating procedures or processes of the Company.

- **Treatment of the Workforce**

Creating Employees Who Are Happy and Who Enjoy Their work

The Company gives importance to the transfer of knowledge to and development of the employees at all levels of the organization, through undertaking standard training courses together with additional courses to increase both, their knowledge and their working capabilities as well as leadership skills training courses. Furthermore, the Company emphasizes self-education and further skills development through on-the-job Action Learning, through implementing ongoing training projects that offer opportunities for new employees from various business units to work together with each other under the care of appointed Mentors or “Pi Liang”, who are managers acting as personal consultants, supervising, advising and recommending what to do. Additionally, the Company has further training and development projects for ‘high talent’ personnel, that emphasizes inter-relationships among the employee; such as: Team Power training project that communicates the overall corporate objectives together with instilling a positive moral mindset and positive thinking skills through learning together by undertaking various activities aimed at participants gaining a good understanding and being prepared to pool their mutual energies in working together towards a common goal. This training project is undertaken regularly every year for all employee groups, such as: operations staff, distribution and logistics staff, HO staff, and Store Business Partners; whereby in each year there will be different key learning points and topics that focuses on various means of communications. As for activities aimed at promoting internal close employee relationships and loyalty, each employee group can select to undertaken various respective activities that are most appropriate to their type of work.

Additionally, the Company has various different projects that are beneficial to our employees, such as: Work Life Quality project activities that emphasizes on taking care of the health of the employees; walk-run activities; activities aimed at enhancing CP All family inter-relationships; community activities and various other activities to help society, such as: bringing the temple to 7-11 activities undertaken by the Buddhist Religion Group, activities to benefit society undertaken by the Volunteers Group. As such, apart from being recreational activities aimed at distressing employees from their work related problems, all such activities are aimed at developing the employee to be good citizens, to have a positive public spirit, and also to be a good member of society.

In order to create happiness for the staff, the Company has a policy to recruit local staff to create income for the local community. The Company also gives opportunity for staff to voluntarily request to transfer to work in their hometown locations to enable them to stay with families and enhance bonding in the family, which is the important part of the community and the nation.

A Strong Corporate Culture for Sustainable Growth

Since 2003, the Company has been fully committed to creating and building a corporate culture of "Harmony", which respects the basic factor that differing people can still establish a common working energy and momentum in working together, as it is often said: "mixing common elements together with differing elements, so as to build unity in being part of the same band". This is achieved, as in the past, through the Company having always promoted and supported Employees having to observe and adhere to the "5-7-11" working principles and values, which consist of the following factors:

1) The basic 5 working principles that employees must observe are: love your work, love your customers, love positive morals, love your organization, and love your work team.
2) The 7 values that the Company wishes every employee to have so as to achieve positive results through working together as a team are: strength, courage, keeping your word, unity, generosity, respect others, and enjoy the beauty of life.
3) The necessary 11 Leadership Skills for those in leadership positions so as to create trust, confidence, and respect from subordinates in working together as a team consist of: being sincere, not acting aloof as if you are better than them, talking nicely, not abusing or misusing your power, being a good role model, having positive morals, acting with kindness and compassion, being decisive, caring for society, developing good people, and being open to others.

However, the Company is fully aware of the fast-changing external factors – whether it is technology or social changes - that unavoidably affect and create new challenges for the Company, such as: having the majority of our employees being from Generation Y, accounting for more than 85% of our overall workforce. As such, having employees who work together coming from different generations and having differing beliefs is one of the major challenges that requires the Company to adapt and genuinely face up to the ongoing changes. In 2016, a summary was made of various factors and relevant information, and a corporate workshop was undertaken, with representatives of all levels of the Management Group together with more than 4,000 Employee attending, to discuss and identify key issues as well as key operating aspects that would enable the organization to grow and develop in a sustainable manner for the next 30 years. As such, the information that was received together with benchmarking major operational aspects against leading domestic and international businesses were used and resulted in Concept of "Our Way" or "5 Development Aspects", that was concurred to by representatives of the Employee as being key operational aspects that must be implemented and realized in a genuine manner, which consists of the following:

1. Accelerate Coaching
2. Build Trust
3. Call for Smart Self
4. Drive Innovation
5. Enrich Community Awareness

As such, the Company has defined a 3-year Plan in order to implement and realize the agreed Concept of Our Way. The Company focused on communications, in order to build full awareness and understanding of the necessity for implementing the Concept Our Way, through communicating and informing the Concept: Our Way to all employees via all communication channels together with undertaking various workshops as a means of communicating directly with employees at the management level, with the objective of achieving 100% direct communications with this employee group. This activity plans has been fully implemented and achieved as planned.

Establishing Organization Good Governance so as to be a Sustainable Organization

2017 was the year in which the Charoen Pokphand Group and the Company gave great importance to making the organization to become an organization that will develop further in a sustainable manner. The Company started the associated Project and also issued various related initiatives together with many measures aimed at driving this Project - such as: the Corporate Governance Program, Anti-Corruption Program, and the Human Rights Due Diligence Program; as well as established mechanisms and channels of communications to receive suggestions and complaints from customers and employees such as at the stores, by mail, via the Company's website, as well as via the Call Center; and the Whistle-Blowing Program that focuses specifically on receiving complaints and inputs received from Employees.

People Development through Education

Given the number of stores that are dispersed throughout every area and location of Thailand as well as that these outlets provide 24-hr convenience services to consumers in every town and communities, recruiting and selecting employees are challenging tasks, in order to ensure that the Company has good and capable people, who are prepared to provide customer services that will result in customers' smiles. Thus, Company has established a foundation upon which to build and develop people by giving importance to education through creating work-based learning courses that emphasizes learning coupled with actual on-the job-work experience for students with vocational education certificates or BA degrees. They will then attend courses at education centers established by the Company together with other learning institutes of the Group located in Bangkok and upcountry; whereby they will receive both a transfer of knowledge and skills alternating with actual on-the-job work- experience sessions at our stores and at the Company's offices. As such, these education and skills learning courses coupled with actual working sessions enable the Company to build up and develop human resources from the new generation of people, who are then knowledgeable and experienced - especially in the retail business - and who are well-prepared to join the Company after completing their Company education and training courses.

Welfare Benefits

The Company has a policy to focus on the quality of life of its Staff in their work together with on equal treatment for all its Staff. There are various Employee Welfare projects such as follows:

- Employee Engagement projects aimed at enabling its Staff to be happy in working for the Company. There are also regular Staff satisfaction surveys carried out every year through engaging outside research experts to undertake the surveys; whereby the survey results are then used to determine various Staff welfare benefits to be offered so as to meet the needs of the Staff.
- The Employee Joint Investment Program (EJIP) that the Company has offered on a continuing basis for the 3rd time for a 5 year period (July 1, 2017 to 30 June, 2022)
- Employee Provident Fund
- Welfare assistance for the Employee and the Employee's family in the event of any unexpected emergencies
- Home purchase loans
- Life insurance and Health insurance for the Employee
- Scholarships for the Employee and the Employee's children
- Medical expenses for the Employee and immediate family includes loans for IPD hospitalization expenses

Additionally, the Company also gives importance to looking after and taking care of the working environment for the Employee's personal safety and safety of the Employee's belongings; whereby a Safety Committee has been set up to oversee and train Employees about various situations that may occur, to implement various Safety and Protection Programs and Systems, and to undertake various safety-related activities and the '7- Sor' project. As such details of all these projects and activities are included in the Company's "Sustainability Development Report 2018"

4. Public Sector

The Company conducts and operates its businesses within all the legal requirements, associated regulations and rules, or various other requirements in a strict and correct manner; whereby there is a Compliance Unit clearly established within the corporate organization structure. The Company also supports the operations of its businesses that will benefit the development of the overall economy and society. Additionally, the Company maintains the established good relationships with various Public Sector agencies as much as possible and in an appropriate manner; whereby contacts are made on a regular basis in an open manner, so as to support the required cooperation and assistance with various business projects from such agencies.

5. Intellectual Property Rights

The Company fully cooperates in not violating or infringing on the intellectual property rights of others; whereby the Company specifies in its Handbook on Business Ethics and Code of Conduct that the conduct of businesses by the Company respects the rights of the owner of the intellectual property; as well as has established an associated written policy on this matter together with operating guidelines. This policy and the associated operating guidelines have been communicated within the organization; and meetings have been undertaken to clarify and achieve a full understanding, together wth activities to oversee and monitor compliance so that no incidents of any violation of the intellectual property rights or infringements of copyrights will occur. Additionally, punishment or disciplinary actions have been established in the event that any such violation or infringement is made.

6. Society, communities and the environment

The Company conducts its businesses through always being aware of "being a nearby close friend, who knows your desires and needs," which means being an integral part of society and the community. As such, everyone feels that a 7-Eleven store is a good neighbor, and that whenever there is any event or situation, they always think first of a nearby 7-Eleven store. For this reason, it is one of the most important mission of the Company is to operate its business by always being aware of its responsibility towards the community, society and the nation, through adherence to the principles of good governance such as operating its business in an ethical manner and with good moral standards; acting an equitable manner towards every involved party, and taking care of the environment in a genuine manner. The Company aims to support any activities to further develop the quality of life of the immediate and nearby community and society as a whole, in order to improve and enhance the ongoing positive benefits of all communities in a sustainable manner.

With regards to responsibility towards the environment, the Company has a project to reduce the volume of used plastic bags waste, whereby the Company is campaigning and promoting a reduction in the use of plastic bags when purchasing goods from 7-Eleven convenience stores; and a pioneer "7 Go Green" project to conserve the use of energy in every 7-Eleven stores and to use air conditioning units with inverters that reduce the amount of greenhouse gas released into the atmosphere together with installing waste water treatment systems for waste water from 7- Eleven stores prior to being released into the main waste water drains of the community.

The Company places great importance on the environment and has organized training on "Organizational Development for Sustainability" for 575 employees at the supervisor level and above to the Company's top executive. One of the topics in the training course is the environment which is the goal of sustainable development of the Company in 2020. The Company is committed to be an organization that engages in climate change management, water stewardship, and ecosystem and biodiversity protection. Details can be found in the Company's Sustainability Development Report 2018.

7. Business Partners

The Company treats business partners in an appropriate, honest, transparent, and equitable manner as well as equally; and also in not making decisions based on personal judgements or established personal relationships. As such, clear sourcing procedures have been

established together with purchase agreements that are equitable. There are policies in place to protect against and prevent any conflicts of interests, when making decisions on sourcing from and on doing business with any business partners. There are also policies to ensure sourcing in a sustainable manner, together with operating guidelines for business partners in order to be ensure that every business partner of the Company will receive both equal and equitable treatment, Further, business partners are advised and overseen that they all respect human rights, treat their respective workforce in an equitable manner, and be responsible towards society and the environment. Business partners are also monitored and evaluated in order to mutually further develop business operations in a sustainable manner. Additionally, the Company has also established a procedure undertake business activities with business partners through using the internet or E-Auction.

8. Creditors

The Company observes and adheres to all commitments and obligations, together with treating creditors in an equitable manner, based on the ranking or priority of creditors as agreed in the loans agreements executed; whereby the associated operating guidelines are as follows:

- Strictly observe and adhere to the terms and conditions as agreed with the creditor.
- Oversee and ensure that the complete repayments of loans principle amount and associated interest charges are made to all types of creditors in a timely manner as agreed; also observe and comply wth all the loans terms and conditions as agreed together with not using the loan proceeds that contradicts the agreed objectives in borrowing the funds.
- Operate the business so that creditors will have full confidence regarding the Company's overall financial position and positive ability to repay the loan as agreed.
- Disclose to creditors all relevant information that are correct, accurate and complete.

9. Competitors:

The Company conducts its business in a fair and professional manner by operating its businesses operations openly and with transparency. It will not create any unfair competitive advantage in an unfair manner through undertaking any dishonest activities that will then have mutual negative impacts; as well as will not seek out any trade secrets or specific confidential information of its competitors by using any unlawful methods or by breaking its agreement not to disclose any information about its competitors regardless of whether having received such information from customers or other persons.

Remarks: With regards to details on the Role of Stakeholders, additional information has been included on this matter in the Company's Sustainable Development Report 2018"

Additionally, The Company's Board of Directors discloses various information and publishes reports on the conduct of its businesses operations to all stakeholders and other involved parties, who should know, through the Company's Form 56-1, Annual Report, the Company's Annual Report, and the Company's Annual Sustainable Development Report, as well as posted on the Company's website etc. The Company has also established a two-way communications channel as an opportunity to allow all Stakeholders and other involved parties to submit any information, suggestions, and complaints, in the event not having received equitable treatment from the actions of Company; whereby associated details and operating procedures guideline are given and posted on the Company's website in the Section on "Anti-Corruption Policy"

Section 4 Information Disclosures and Transparency

Information disclosure is one of the vital components of business operations that the Company has always adhered to. It is also an important indicator of transparent business operations according to the principles of good corporate governance. Thus, the Company has established a policy on the Company's information disclosure, which has been approved by the Sustainability and Corporate Governance Committee. Information disclosure is an important medium which enables shareholders who are not directly involved in the management of the Company to monitor the business performance of the Management Team. The Company gives importance to disclosing information in a correct, complete, sufficient, timely and regular manner and on an equal basis for all groups of shareholders.

Apart from the disclosures of information based on the criteria on information disclosures, as specified by the Stock Exchange of Thailand (SET), that correspond to the annual financial period of the Company such as the annual Financial Statements, annual Financial Report Form 56-1, Company Annual Report, Annual Sustainability Report, and any other reports for specific situations – the Investor Relations Department of the Company, which acts as a central source of important information disclosures for investors, also prepares various analyses (Results Presentation) for dissemination to investors that are then posted on the Company's website together with key financial information and key operations performance results. These information disclosures are in the form of powerpoint presentations, that show the status and performance results of the Company. Moreover, there are press conferences for analysts, investors, the media and the general public on a quarterly basis.

In 2018, the Company held activities for investors as follows:

- Quarterly analysts meetings for a total of 4 times, which Investor Relations Department and senior management participated to provide information and answer questions.
- Non-deal roadshows in Thailand and overseas for a total of 15 times
- Company visits for a total of 50 times and conference calls for a total of 33 times
- Marketing activities by inviting analysts and investors to visit the operating area of the company for a total of 10 times such as DC at Lat Krabang, 7-Eleven Flagship Stores,
- Held Press conference to public the Company's performance and newsletter for a total of 1 time.

Investors are able to contact the Company to request information about the Company via the telephone or email, and by attending any investors' meetings or presentations. Additionally, investors can access and view relevant information through accessing the Company's website:

http://www.cpall.co.th/Investor-Relations

Or contact to request for information from the Company's Investors Relations (IR) Department as shown below:

Telephone	:	0-2071-4369
Facsimile	:	0-2071-8617
Email	:	investor@cpall.co.th
By Letter or Mail	:	Investor Relations (IR) Unit CP All Public Company Limited 119, Floor 12, Tara Sathon, Sathorn Soi 5, South Sathorn Road, Thung Mahamaek, Sathorn, Bangkok 10120

In 2018, the Company disclosed information in various formats as required, that included information relating to the financial and accounting closing cycles as well as information relating to specific situations as follows:

Financial information

Financial Statements of the Company that are prepared in accordance with generally accepted accounting standards and that have been audited without any qualifications by the appointed independent external Auditor as well as that have been reviewed and approved by the Audit Committee of the Company. Additionally, the Company has never had a history of having to revise and correct any Financial Statements, as well as have always submitted both the Quarterly and Annual Financial Statements of the Company before the required deadline as specified by law.

Non-Financial Information

1. The Company has always disclosed various non-financial information as required by the applicable laws, in an accurate, complete, timely and transparent manner, through the SET's communications channels as well as on the Company's website. As such, the various non-financial information have also been regularly updated.

   Information disclosed and posted on the Company's website:

   - Vision and Core Values of the Company
   - Nature of the Company's Business
   - Names of the Company's Board Directors and Executives/Management group
   - Financial Statements, Statement of Financial Position, and Operating Results for the Current and Previous Years
   - Form 56-1 Report and Annual Report (that can be downloaded)
   - Information for Securities Analysts
   - Shareholding Structure
   - Corporate Structure of the CP All Group
   - Names of Major Shareholders
   - Letter of Invitation to Attend the Annual General Shareholders Meeting (AGM) together with the Agenda Items to be considered, and also Minutes of the AGMs for the various years.
   - The Company's Articles of Association and Memorandum of Association
   - The Company's Policy on Corporate Governance and Anti-Corruption Policy
   - Charter of the Company's Board of Directors
   - Handbook on Business Ethics and Code of Conduct
2. The shareholding structure of the Company is clear, transparent and not complicated. There are no cross-shareholdings or a pyramid shareholding structure. A clear shareholding structure is shown, indicating the Major Shareholders together with the total percentage of shareholdings owned by minority shareholders, as well as shareholdings owned by the Board Directors and the Executives/Management group that together account for 0.20% of the total issued and paid up shares.
3. Report on the conflicts of interests of Board Directors and the Executives/Management group together with those of any other connected parties.
4. Report on the shares owned by members of the Board of Directors and the Executives/Management group together with those of any connected parties.
5. Board of Directors' Statement of Responsibility for Financial Reports, together with the Report of the Auditors.
6. Report on the audit fee, with separate details for the audit services and other services provided.

7. Remuneration for the Board Directors and the executive management (as disclosed in the Company's Annual Report in the "Management" section); whereby the total amount of remuneration is appropriate for the respective responsibilities and duties of the members of the Board of Directors and the executives management when compared to other similar businesses
8. The number of Board Meetings held and attendance record with the number of times each Board Director attended various meetings during 2018.

Section 5 Responsibilities of the Board of Directors

The Company's Board of Directors is composed of persons who are knowlegeable, capable, skilled, and extensively experienced; as well as who come from a variety of professions and are well-accepted at the national level. They all have a full understanding of their required role and respective responsibilities. They have an important role in determining the Company's key policies and, together with the Executive Committee and other senior Executives/Managers, in defining the Company's vision and mission, corporate objectives, financial policy, risk management policy, operating business plans, and annual budgets. They also oversee the operations activities so as to ensure that the defined strategies and annual business plans correspond to the established core corporate objectives and goals; whereby in determining the strategies and annual business plans, a full analysis of the operating business environment, the challenges and opportunities that may impact the Company's business operations have been undertaken, so that the outcome will be a well-defined set of strategic objectives and core operating corporate objectives to which the organization has focused for the next 5 years,

The Company's Board of Directors has a key role in driving the organization forward, together with the duty and responsibility for overseeing that the business operations are undertaken in line with the established corporate objectives and goals, so as to result in achieving maximum benefits for the Company; as well as that they are based on being socially responsibility, taking into consideration the possible impacts on the environment, acting in an equitable manner towards all Stakeholders according to the principles good corporate governance and the established Company policy on anti-corruption. As such, these business operations activities must also be undertaken in accordance with the applicable laws, the stated corporate objectives and the rules and regulations of the Company and with the various resolution of the Board of Directors together with the resolutions of the Shareholders Meetings. Further, the oversight activities of Board Directors must be always be undertaken in a positive and ethical manner, with all due care and perseverance, as well as with full responsibility and accountability towards the shareholders.

On November 13, 2017, at the meeting of the Company's Board of Directors, a resolution was made to approve the Charter of the Board of Directors of the Company and also the Operating Guidelines on Corporate Governance for the Board of Directors, that were established through being based on the 8 Core Principles and Operating Principles together with the Good Corporate Governance Operating Guidelines as specified in the Corporate Governance Code – CG Code 2017 and published by the Office of the Securities Exchange (SEC) and the Stock Exchange of Thailand. As such, these CG Principles and Operating Guidelines were adapted to be appropriate and suitable for the Company's business operations; and are for reference and use by the Company's Board Directors in their responsibility to oversee the Company's operations, in order to achieve positive operating performance results in the long term together with confidence on the part of Shareholders and society as a whole so as to benefit the Company in creating ongoing added value for its businesses on a sustainable basis.

Additionally the Company also encourages and supports every Board Director to attend Directors training programs that will further develop their knowledge offered by the Thai Institute of Directors (IOD) and other institutes on an ongoing basis, so as to increase their effectiveness and productivity in their capacity as a Company Board Director. This will create further confidence on the part of Shareholders and general investors that Board Directors possess the knowledge about and understanding on discharging the duties and responsibilities as a Board Director according to the principles of good corporate governance. In this regard, the Company Secretary is responsible for coordinating that all Board Directors consider attending the respective training programs available.

1. Composition and Qualifications of the Board of Directors

1.1 The Company's Board of Directors is composed of at least 5 Directors, and at least half of the total number of Directors must reside within the Kingdom of Thailand; whereby they represent the major shareholders who are not executives or part of the management team, and Directors who come from the executives team. This is so that the Company is able to discharge its responsibilities in an effective, efficient and productive manner. Further, at least one-third of the total number of Directors must be Independent Directors, of whom there must be not less than a total of 3.

1.2 The Directors of the Company are appointed and must possess the complete qualifications as well as do not possess any disqualifications as specified by Public Company Act and the Stock Exchange of Thailand. Directors must possess the knowledge, capabilities, extensive expertise and experience that will be genuinely beneficial for the Company. They must also possess the dedication and be able to devote much time in genuinely discharging their required duties in accordance with their assigned responsibilities together with leadership skills and wide vision. They must also be a person with good moral and ethical standards, and have a good track record.

1.3 The Company's Independent Directors must possess the qualifications as specified by the Charter of the Board of Directors of the Company with regards to the qualification of Independent Directors, that have been specified in detail and are more comprehensive and stringent than those minimal qualifications specified by the SEC and SET with regards to the ownership of Company shares.

1.4 The Chairman of the Board of the Company is not on an executive and is not the same person as the Chairman of the Executive Committee, whereby there is a clear separation of power and roles between Board Directors and the Management. Additionally, the Chairman of the Board also encourages every Director to debate and discuss as well as freely and fully express their opinions in Board Meetings by allowing adequate time.

1.5 In order to ensure that Directors are able to dedicate their time adequately in discharging their responsibilities towards the Company, it has been determined that each Director is limited to being a Board Director in not more than a total of 5 listed companies concurrently; whereby there is to be an system in place to report their Board Directorships in other listed companies, so that it will not be a obstacle in discharging their responsibilities towards the Company, and such reports should be open for acknowledgement. In regards to the powers of the Chairman of the Board of Directors and of the Chairman of the Executive Committee, these have been defined and determined by the Board of Directors of the Company - especially with regards to the requirement that any important matters must be submitted to the Board of Directors for consideration and approval.

1.6 The Board of Directors of the Company has appointed a Company Secretary, and has disclosed details regarding the appointed Company Secretary in the Section: "The Board of Directors of the Company".The Company Secretary is responsible for explaining and making recommendations regarding to the various legal and regulatory requirements that the Board of Directors must be aware of and know, together with for overseeing and also coordinating the activities of the Board of Directors so that the discharge of their responsibilities are in strict accordance with the various Board resolutions. There is also an Office of the Company Secretary as a support unit, whereby the core duties and responsibilities of the Company Secretary are indicated in the Form 56-1 under section "Management".

2. Role, Duties and Responsibilities of the Board of Directors

All the members of the Board of Directors of the Company have a full understanding of their respective individual role, duties and responsibilities together with the nature of the Company's business. As such, the Office of Company Secretary has prepared a Handbook for Board Directors for presenting to newly appointed Directors, which Handbook contains detailed information relating to being appointed as a a Board Director of the Company, such as: the Company's business operations, Company Annual Reports, the Company's Rules and Regulations, the Company's Objectives, the Company's Handbook on Business Ethics and Code of Conduct as well as Handbook on the

Company's Corporate Governance, Charter of the Board of Directors and associated Company's Operating Guidelines on Corporate Governance for the Board of Directors of the Company together with the Scope of Authority of the Board Directors. Additionally newly appointed Directors must attend relevant directors' development/training programs and courses offered by the IOD, with the Company being fully responsible for all associated expenses.

The Duties and Responsibilities of the Board of Directors of the Company, as specified in the Charter for the Board of Directors of the Company, are as follows:

1. Report any individual situations of conflicts of interests or those of related persons that are related to the management of the Company and of the Subsidiary Companies and that can be accountable for. As such, this is for the sake of full transparency in the operations of the businesses.
2. Define and determine the corporate vision and mission, objectives, core policies, key strategies, business plans, and annual budgets, through undertaking detailed analyses of the operating business environment and the various changing key operating factors that will impact the overall businesses together wth the Stakeholders. Also determine the oversight of the Management group and their allocation of key resources so as to effectively operate the Company's businesses in accordance with the established policies, objectives and goals for the maximum benefit of the Company and its Shareholders. This is to be achieved through taking into consideration all stakeholders, possible impacts on society and the environment, with the business operations being undertaken in a transparent and equitable manner, within the legal and regulatory framework and with good business ethics, together with having a process in place to evaluate the performance outputs and to make improvements so as to achieve effective business operations.
3. Determine, establish and undertake activities in accordance with the established policy on good governance, business ethics and code of conduct, and policy on anti-corruption as well as various applicable operating guidelines that the Company has documented in writing; and undertake a review of these policies and associated activities in accordance with the established policies at least once a year.
4. Determine the policy on risk management together with undertaking an assessment of the potential risks, and determine associated operating guidelines; as well as monitor the actual outputs from undertaking various activities in accordance wth the established operating guidelines on risk management.
5. Consider transactions of conflicts of interests in a careful manner; determine clear operating procedures guidelines so as to achieve full benefits for the Company and its Shareholders, whereby all the involved Stakeholders are involved in the decision making process.
6. Consider and approve the Company's operating performance results for each Quarter compared with the established plans and budgets, together with assessing the ongoing business trends for the next immediate financial period.
7. Consider and approve any business transactions or activities that will have a significant impact on the financial status of the Company, its loans obligations, and the Company's ongoing business operations and reputation; as well as monitor and ensure the adequacy of the Company's ongoing financial liquidity and its ability to service existing debts.
8. Undertake to establish an accounting system, to prepare financial reports, to have the accounts audited by a reputable party, and to oversee information disclosures together with the preparation of the Company's Annual Reports, Annual Company Information Statement (Form 56-1) that will adequately reflect the actual financial status and achieved performance results; as well as oversee that effective and efficient procedures are in place to review and evaluate the appropriateness of the internal controls and internal audit systems as well as that an opinion is given regarding the adequacy of the internal controls and internal audit systems in the Company's Annual Report.

9. Determine the policy of information disclosures together with the management of Company information so as to prevent any leaking of such information and the protection of any confidential Company information or information that may have an impact on the Company's share price.
10. Promote creativity and support innovation together with making use of creativity and technology to create added value to the business; as well as ensure that the management of information technology systems is in line with the genuine needs of the Company.
11. Consider and determine the establishment of the scope of authority of various Board Committees such as the Sustainability and Corporate Governance Committee, Audit Committee, and Remuneration and Nomination Committee – so as to achieve operating effectiveness and full benefits for the Shareholders.
12. Consider the appointment of the Chairman of the Executive Committee, Executive Directors, Chief Executive Officer, and Managing Director; as well as determine the scope of approval authority of the Chairman of the Executive Committee together with reviewing such scope of approval authority as appropriate on a regular basis.
13. Establish appropriate channels of communications with shareholders and stakeholders together with ensuring that shareholders participate in the decisions on important matters and key issues of the Company.
14. Establish a succession plan, in order to be well-prepared in the event that a senior executive is not able to discharge the required duties.
15. Ensure and support that all Board Directors and Executives members fully understand and comply with the legal and regulatory requirements, business ethics and code of conduct, and policy on anti-corruption, as well as the various established operating guidelines.
16. Establish clear directions and operating guidelines for stakeholders or any person wishing to submit any information via the Company's website or directly to the Company with the 'whistle-blowing' channels of communications being the Company's Board of Directors, the Corporate Governance Committee and the Audit Committee; as well as establish clear instructions for a thorough investigations to be made of all information received according to the established procedures and for a full report is to be submitted to the Board of Directors.
17. Oversee Subsidiary Companies, through considering that appropriateness of those persons to be appointed as Directors of the Subsidiary Companies to oversee that their management is in accordance with established operating policies and that various business transactions are in compliance wth the legal and regulatory requirements specified by the laws on securities and by the various announcements of the SET.

3. Appointment and Removal of Board Directors

Appointment of Board Directors must be in accordance with the regulations of the Company and the applicable laws. As such, there must be full and clear transparency in the nominations process for new Directors, that must proceed in compliance with criteria and procedures established by the Remuneration and Nomination Committee. As such, this process must also be applicable for those persons proposed for consideration to be nominated by Minority Shareholders in accordance with the criteria and associated procedures specified by the Company. Further, the consideration of possible new nominees must also take into consideration the diversity of the qualifications, gender and age, as well as information of educational and professional background, and past experiences together with areas of special expertise including specific business skills relating to industry sectors, management, finance and accounting, legal matters, and corporate governance, so that the comprehensive information can be used in the decision process by the Company's Board of Directors and/or Shareholders.

The Shareholders Meeting will approve the appointment of a Director by a majority vote in accordance with the criteria and process as follows:

1. Each shareholder shall have a number of votes equal to one share per one vote.
2. Each shareholder must exercise all the votes he/she has under (1) to appoint an individual or several persons to be director(s) but shall not split his/her votes among any person or group of persons.
3. The persons receiving the highest number of votes in descending order shall be appointed as directors depending on the requirement of directors set at such time. In the event that a number of persons receive an equal number of votes for the last directorship rendering the number of directors more than which is required, the chairman of the meeting shall have a casting vote.

For election, it shall consider and appoint an individual to be director in each position by exercising all votes of each shareholder but not splitting votes. The person receiving the highest number of votes of each position will be appointed as a director of that position.

Where a vacancy occurs in the Board of Directors otherwise than by rotation, the Board of Directors shall elect a person who is qualified and does not possess any prohibited description according to law as the replacement Director at the following meeting of Directors, except where the remainder of the duration of office of the Directors is less than two months. The replacement Director under paragraph one may retain his office only for the remainder of the duration of office of the Director whom he replaces. The resolution of the Board of Directors under paragraph one must be supported by a vote of not less than three-fourths of the number of subsisting Directors

The Meeting of Shareholder may resolve to remove any Director from office prior to rotation by a vote of not less than three-fourths of the number of shareholders who are present at the meeting and are entitled to vote, which vote represents an aggregate number of shareholders of not more than one-half of the number of shares held by the shareholders who are present at the meeting and are entitled to vote.

4. Role of the Chairman of the Board

The Chairman of the Board has the following duties and responsibilities

1. Oversee, monitor and ensure that the Board of Directors together with the various Board Committees act in accordance with the assigned duties and responsibilities of the Board of Directors of the Company as well as in an effective manner, so as to achieve the targeted objectives and goals of the Company
2. Act as the leader of the Board of Directors of the Company and also acts as the Chairman at Board Meetings and Shareholders Meetings and meetings of Non-Executive Directors.
3. Together with the Chairman of the Executive Committee and the Company Secretary, determine the Agenda for Board Meetings; as well as ensure that important matters are included for consideration and that Board Directors receive relevant information that is complete, accurate, and clearly documented and also in time prior to Board Meetings, so that they may study the information and come a decision as appropriate.
4. During Board Meetings, allocate adequate time for the Management to propose matters for consideration; and also encourage Directors to debate, discuss and actively exchange their opinions in an open and independent manner so as to make careful judgments on the issues while taking into consideration the interests of all stakeholders in a comprehensive manner. The Chairman will then summarize the associated issues and the resolution of the Meeting, as well as ensure that the final decisions of the Board are then implemented accordingly.
5. Create and support good working relationships among Executive Directors and Non-Executive Directors as well as between the Board of Directors and the Management; and support the Chairman of the Executive Committee in acting in accordance with the established policies of the Company.
6. Support and act as a positive role model in fully complying with the principles of good governance and in accordance with the established good moral standards and business ethics of the Company; as well as oversee and ensure that every Board Director participate in encouraging to establish a positive corporate culture of having good moral standards and adhering to good corporate governance practices.

5. Scope of Approval Authority of the Company's Board of Directors

The Board of Directors of the Company has the authority to approve various Company-related matters as specified by law, Regulations of the Company, the Charter of the Board of Directors of the Company, and various resolutions of the Shareholders Meetings. As such, this includes determining and reviewing the Company's vision and mission, strategies, financial objectives, risk factors, business plans and budgets; together with statement of financial position and operating result, and approving the Company's financial statements and operating performance results, as well as approving any important transactions or activities that may have a significant impact on the financial position of the Company and ability to service its debts, the Company's overall business and reputation.

6. Separation of the role and responsibilities between the Board of Directors and the Management

The Company has separated the role and responsibilities between the Company's Board of Directors and the Management in a clear manner, As such the Board of Directors is responsible for determining the organization's overall objectives, goals, core strategies, and key operating policies together with the allocation of key resources so as to ensure achievement of the established objectives, goals; as well as for monitoring, evaluating results and overseeing the reporting of the Company's performance results by the Management at the policy level. At the same time Management is responsible for managing the various operations in accordance with the established objectives, goals and policies as approved and specified by the Board of Directors.

The Chairman of the Board is not the management of the business and not the same person as the Chairman of the Executive Committee, as well as does not participate in the management of the Company's business operations, together with not being the authorize signatory to legally bind the Company. As such, this is to separate the responsibilities between overseeing the overall Company at the policy level and managing the business operations in a clearly defined manner.

As for the Company's Management, it has been assigned the responsibility for operating the business in accordance wth the established objectives, goals, annual business plans and budgets as approved by the Company's Board of Directors. The Chairman of the Executive Committee has been assigned the responsibility under the scope of authority as determined by the Board of Directors. While the Chief Executive Officer and Managing Director has also been assigned the scope of authority as determined by the Chairman of the Executive Committee; and the Management group has been assigned the scope of authority as specified in the Company's Handbook on the Separation of Operating Authority.

7. Term of Office as a Board Director of the Company

- **Total number of years for each term of office as a Board Director**

  Company Directors have a total of 3 years for each full term of office, except those persons appointed as a replacement Director for an unexpected vacant directorship due to reasons other than the normal expiration of a term of office and required resignation, in such case, the replacement Director serves out the remaining period of the term of office; whereby the replacement Director may be re-elected as a Director for another full term.

- **The total number of consecutive terms of office that can be held by Independent Director**

  An Independent Director can have a maximum total term of office of not more than 9 consecutive years, effective from the date of appointment as an Independent Director by the AGM 2018 (20 April 2018). As such, unless the AGM considers the reasons and necessity as proposed by the Company and approves a further appointment as an Independent Director that will then exceed the maximum of 9 years as stated above.

8. Performance self-evaluation as a Board Director of the Company

The Company has established an evaluation process of the performance of the Board of Directors of the Company and various sub-Committees on an annual basis at least once a year. This is to enable the Directors of the Company to review and consider their respective performance outputs and achievements together with the various associated issues or obstacles in discharging their duties during the year, which will then enable them to improve their effectiveness as the Board of Directors through having a clearer understanding of their individual responsibilities, as well as to enhance the working relationships between the Board of Directors and the Management. The performance evaluation of the Board of Directors is divided into 2 types, that is, assessment of the overall performance of the Board of Directors as a whole and self-assessment of the performance of the individual director.

Process and criteria for performance evaluation of directors

The Company Secretary Office is responsible for sending the performance evaluation form to every director of the Company in order to assess the performance of the Board of Directors and the sub-Committee that he/she is a member. After receiving all of the evaluation forms back, the Company Secretary Office summaries the results and presents the results of the performance evaluation to each sub-Committee to consider the results of their performance during the past year. The Company Secretary Office also reports the results of the performance evaluation of the sub-Committees and the results of the Board performance to the Board of Directors for consideration.

Performance evaluation form for assessing the overall performance of the Board of Directors as a group:

- The composition and qualifications of Board Directors have a direct effect on the overall Board performance output and effectiveness, such as the total number of Board Directors that is appropriate for the Company's business operations; the combined knowledge and experiences of the Board of Directors; the definition of Independent Directors; the number of Independent Directors Committees, as well as the qualifications and appointment of the Company Secretary.
- Various activities and operating aspects that will enable the Board of Directors to discharge their duties and responsibilities during Board Meetings in an effective manner such as: the appropriate time taken in holding Board Meetings; receiving detailed information and supporting documents adequately in advance to be able to study them prior to the Board Meeting; and the overall atmosphere during the Board Meeting.
- The role and responsibilities of the Board of Directors in giving importance to and taking adequate time in considering the various agenda as well as in reviewing and undertaking various other activities relating to important Company matters, such as implementing good corporate governance practices in overseeing the Company's business operations; business directions; core strategies and business operating plans; situations of conflict of interests; related transactions; internal controls systems; risks management; policy on the 'whistle-blowing' program; and preparation of the financial statements according to generally accepted accounting standards.
- Other matters, such as self-development of Board Directors and Management members; and good relationship between the Board of Directors and the Management.

Performance evaluation form for self-assessment of the performance of individual Board Directors consists of:

- The composition and qualifications of the Board of Directors have a direct effect on the overall effectiveness of the Board of Directors (or Board Effectiveness), namely qualifications, knowledge, skills and experiences that are appropriate for the Company's business operations together with knowledge and understanding about good corporate governance principles and practices.

- Various activities and operating aspects that will enable the Board of Directors to discharge their duties and responsibilities during Board Meetings in an effective manner such as: ability to review and study detailed information and supporting documents in an adequate manner prior to the Board Meeting; expressing opinions that are valuable and beneficial to the meeting as appropriate; leaving the meeting room during discussions of matters in which you have a vested interest.
- Role and responsibility of the Board of Directors, such as having discharged the duties and responsibilities as a Director in the Board of Directors in accordance with the applicable legal and regulatory requirements as well as with the Charter of the Board of Directors in a fully effective manner; having dedicated and devoted time in discharging the responsibilities as a Director for the Company; not interfering with the operating activities of the Management group; as well as overseeing and monitoring the operating activities of the Management group in an appropriate manner.

Self-evaluation form to assess the performance of the member of the Board of Directors on an individual basis contains 5 scoring choices for each aspect,

0 = Definitely do not agree or no activity undertaken in this matter

1 = Do not agree or minimal activity undertaken in the matter

2 = Agree or some degree of activity undertaken in this matter

3 = Agree to a great extent and positive level of activity undertaken in this matter

4 = Definitely agree and excellent degree of activity undertaken in this matter

Additionally, there is space for Board Directors to make additional comments or to express opinions freely.

Summary of the performance self-evaluation of the Board of Directors as a group

There was a high degree of agreement and a very good level of activity undertaken, with the achieved overall score of 87%; whereby there was only a good degree of agreement and only a good level of activity undertaken with an achieved overall score of 13%

Summary of performance self-evaluations of Board Directors on an individua basis

There was a high degree of agreement and a very good level of activity undertaken, with the achieved overall average score of 88%; whereby there was only a good degree of agreement or only a good level of activity undertaken with an achieved overall average score of 12%

9. Directors and Management Development

1. The Company encourages and facilitates those persons involved with good governance of the Company such as the Board of Directors, the Sustainability and Corporate Governance Committee, the Audit Committee, the Remuneration and Nomination Committee, the Management Team, the Head of the Internal Audit Unit, the Company Secretary, the CFO, and the Accountant Controller, a person supervising accounting, to attend training programs or various relevant seminars on a regular basis, especially the training programs held by the IOD. This is so that all such persons within the Company can have full knowledge and a good understanding of the respective roles and responsibilities as well as be able to improve their respective work on a continuous basis accordingly.
2. The Company also arranges to hold an orientation program whenever there is a new Director or Management member joining the Company, as well as provide various background information and relevant documents that are beneficial for their work for them to study as guidelines on how the Company operates its business, and to get to learn about the established corporate objectives, vision, mission, corporate values, and overall strategies of the Company.

3. The Board of Directors of the Company has assigned the Remuneration snd Nomination Committee together with the Human Resources Policy Committee to be responsible for the appropriate ongoing management of the Company in a sustainable manner as well as for considering the Succession Plan for the Company. This is especially so wth regard to senior Executive and Management positions at the level of Heads of "Business Groups" or Heads of "Office" Units upwards, so as to ensure that the Company has in place plans for recruiting, selecting and preparing specific persons to be the successor to any such key positions, that are vital for the ongoing operations of the Company in the event that the incumbent is promoted or transferred, retires, and resigns, thus resulting in the position to suddenly become vacant. As such, the selection of the successor will be based on that person's achieved past performance, an assessment of that person's potential and degree of preparedness for advancement through using a Performance & Potential Grid system together with their level of career interest as key deciding factors.
4. During the past year, the Company still recognizes the importance of developing leaders in order to create confidence among all stakeholders, taking into consideration the work of each year and long-term sustainability. The Company believes that leadership development within the organization should correspond with the "Harmony" corporate culture and has thus placed importance on developing leaders through the Action Learning Project – APL (which consists of ongoing projects that brings together both staff and managers from each business functional group to work jointly so as to achieve the established objectives and business goals of the respective projects). In addition, the Company supports the use of coaching skills in developing leaders at various levels of the organization so that the leaders in turn will use the coaching skills with their team. This will stimulate each work team to think of different ways to achieve an assigned task or project. At the same time, the Company also recognizes the ongoing external changes, uncertainties, and complexities in the overall business environment. Thus, the Company has arranged various activities to expand knowledge and new business experiences, so that our leaders will effectively grow and develop in tune with both the current and future ways we conduct our business; whereby this is achieved through attending relevant seminars and training programs. In summary, in the development of leaders at every level of the organization, the Company focuses on actual on-the-job training and learning (70%), on coaching through working jointly with others who are more experienced (20%), and on improving knowledge through attending various relevant seminars and training programs (10%). This is to ensure that the Company's leaders are able to work and take on various respective roles and responsibilities, in order to meet the demands of customers and stakeholders, achieve high customer satisfaction, and be well-prepared to support the ongoing business operations of the Company going forward.

Attendance at various Directors Training Courses held by the IOD

Training Courses/ Year of Attendance / Company's Board Directors Names	Director Accreditation Program (DAP)	Audit Committee Program (ACP)	Monitoring the Internal Audit Function (MIA)	The Role of Chairman	Director Certification Program (DCP)	Ethical Leadership Program (ELP)	Company Secretary	Board Performance Evaluation	DCP Refresher	Role of the Compensation Committee	Driving Company Success with IT Governance (ITG)	Finance for non-finance Director
1. Adjunct Professor Prasobsook Boondech	2017					2016						
2. Police General Phatcharavat Wongsuwan	2017											
3. Mr. Padoong Techasarintr	2005	2008	2008	2001	2003							
4. Mr. Pridi Boonyoung	2005	2010										
5. Mrs. Nampung Wongsmith				2018								
6. Mr. Dhanin Chearavanont	2005											
7. Mr. Korsak Chairasmisak				2006	2000							
8. Mr. Adirek Sripratak	2005				2001							
9. Mr. Umroong Sanphasitvong					2001	2016	2003	2006	2006	2007	2016	
10. Mr. Soopakij Chearavanont												
11. Mr. Narong Chearavanont	2007											
12. Mr. Prasert Jarupanich					2004					2008		2004
13. Mr. Pittaya Jearavisitkul					2000							
14. Mr. Piyawat Titasattavorakul					2001							
15. Mr. Tanin Buranamanit					2010							

Furthermore, in 2018, Mr. Umroong Sanphasitvong participated in the National Director Conference 2018 Rising above Disruptions organized by the IOD, in order to prepare in the area of finance and to prepare for the role and duties of a director in managing transformation in the digital era.

In 2017, the Company's directors and high-level executives attended the "Information Disclosure and Transparency" training course, with speakers from Freshfields Bruckhaus Deringer, a renowned multinational law firm and consultant on corporate governance to the Charoen Pokphand Group.

2. Sub-Committees

1. Composition and Components of Sub-Committees

There are 3 Sub-Committees under the Company's Board of Directors.

1. Audit Committee

The Company's Audit Committee was established by the Board and consists of 3 Directors; whereby all are required to be Independent Directors as well as not be Executives of the Company, with the Manager of the Internal Audit Office acting as the Secretary of the Audit Committee.

During 2018, the Audit Committee held a total of 12 meetings, with the Members attending every meeting as follows:

Name	Position	Meetings Attendance - 2018 (Number of Times)
1. Prof. Dr. Komain Bhatarabhirom	Chairman, Audit Committee	1/1
Mrs. Nampung Wongsmith	Member, Audit Committee	9/10
2. Mr. Padoong Techasarintr*	Chairman, Audit Committee	12/12
3. Mr. Pridi Boonyoung	Member, Audit Committee	12/12

* Member of the Audit Committee possessing the relevant knowledge and experience in finance and accounting, and able to review the credibility of the Financial Statements

Note: 1. Prof. Dr. Komain Bhatarabhirom resigned effective 21 February 2018.
2. Mrs. Nampung Wongsmith was appointed as an Audit Committee in place of the resigned director, effective 22 February 2018.
3. Mr. Padoong Techasarintr was appointed as Chairman of Audit Committee in place of the resigned director, effective 22 February 2018.

The Audit Committee is fully independent in carrying out its duties and responsibilities. Apart from reviewing the Financial Statements, the Audit Committee also reviews that all operational activities are correct and fully comply with all established policies, rules and regulations, applicable laws, and operating regulations, as well as the requirements of the regulatory agencies. The Audit Committee also reviews and ensures that there are effective internal controls and an internal audit system in place together with a comprehensive risk management system. The Audit Committee meets with the external independent Auditor to discuss their opinions and comments about the Financial Statements and internal controls system; as well as prepares a summary report of its activities together with recommendations for improvements for submitting the Board of Directors every Quarter, with details as contained in the Section "Report of the Audit Committee". The Company takes on the various recommendations received from both the Audit Committee and the external Auditors for immediate implementation and improvements, and will then report back to the Audit Committee at the next meeting.

The Manager of the Internal Audit Office is Mr. Kidsada Euapiyachart, who also acts as the Secretary of the Audit Committee, through the approval of and appointment by the Audit Committee. There is a supporting group, the Internal Audit Office, which is independent of the Management group, that is responsible for reviewing and assessing the adequacy and effectiveness of the various internal controls in place together the various risk management measures; whereby it then reports the results to the Audit Committee every month, as well as submits its reports to the Board of Directors every Quarter. As such, details relating to the Manager of the Internal Audit Office together with the Internal Audit unit is disclosed in the section "Management Structure"

Qualifications of and Criteria for Members of the Audit Committee as specified in the Charter of the Audit Committee

1. Owning not more than 0.5 percent of the total number of shares with the right to vote and issued by the Company, Parent Company, Subsidiary Company, and Joint Venture Company; or of the Major Shareholder, or of a person with a controlling power over the Company. As such, this total shareholding also includes those shares owned by persons related to the respective Independent Director.

2. Not being or having been a Director involved in the management of the operations of, an Employee of; or an advisor with a monthly retainer to; or a person with a controlling power over the Company, Parent Company, Subsidiary Company, Joint Venture Company, and Subsidiary Company of the same status, Joint Venture Company, the Major Shareholder of, or a person with a controlling power over the Company; unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed to the Audit Committee. As such, this prohibited qualification is not applicable in the event that the Independent Director used to be a Civil Servant or an advisor to the Government Agency/organization that is a Major Shareholder of or a party with a controlling power over the Company.
3. Not being a person who has a relationship, by blood or by legal registration, as a parent, spouse, sibling or children, as well as spouse of the children, of an Executive of, a Major Shareholder of, a person wth a controlling power over, as well as a person proposed to be appointed as an Executive or as a person with a controlling power over, the Company or Subsidiary Company.
4. Not being or having been a person with a business relationship with the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as with a Major Shareholder of or a person with a controlling power over the Company, so as to may be an obstacle to exercising judgments in a fully independent manner. This also includes not being or having been a significant Shareholder of a party or having a controlling power over a party with a business relationship with the Company, Subsidiary Company, Joint Venture Company as well as with a Major Shareholder of or a person with a controlling interest of the Company. This is unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed ti the Audit Committee.
5. Not being or having been an Auditor of the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as of a Major Shareholder of or a person with a controlling power over the Company; as well as not being or having been a significant Shareholder of, a person with a controlling power over, or a Partner of the Audit firm of the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as of a Major Shareholder of or a person with a controlling power over the assigned Company. his is unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed to the Audit Committee
6. Not being or having been a person providing any professional services - including legal or financial advisory services - with an annual professional fees payment of more than Baht 2.0 million, to the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as to a Major Shareholder of or a person with a controlling power over the Company; as well as not being or having been a significant Shareholder, a person with a controlling power over, or a Partner of the Professional Services firm in question. This is unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed To the Audit Committee.
7. Not being or having been a Director appointed to represent a Director of the Company, a Major Shareholder, or a Shareholder associated wth a Major Shareholder.
8. Not having a business similar to or the same as or that is a significant competitor of the Company or Subsidiary Company; or not being a significant Shareholder in a Business Partnership, or a Director actively involved in managing the business operations, Employee or Staff of, or an advisor who receives a monthly retainer to; or owning more than 0.5% of the total voting shares of a company/business that operates a business similar to or the same as or is a significant competitor of the Company or Subsidiary Company.
9. Not being a person who is in a position to not be able to exercise judgements in a fully independent manner with regards to the operations of the Company.

10. Not being a Director assigned by the Board of Directors to decide on matters relating to conduct of business and operations of the Company, Parent Company, Subsidiary Company, Subsidiary Company of the same status, Joint Venture Company, as well as of the Major Shareholder of or a person with a controlling power over the Company; unless such a decision is a collective decision.
11. Not being a Director of the Parent Company, Subsidiary Company or Subsidiary Company of the same status, whereby this is applicable only to listed companies.
12. A Member of the Audit Committee must be able to dedicate and devote time in an adequate manner to the activities of the Audit Committee; and should receive ongoing training so as to improve knowledge relating the activities of the Audit Committee, in order to be always up to date with the ongoing changes that may occur and to further improve the working effectiveness, efficiency and productivity of the Audit Committee.

Term of Office of Members of the Audit Committee

Members of the Audit Committee have a term of office of 3 years, that is also concurrent with being an Independent Director of the Company; whereby a Member of the Audit Committee will cease to hold the position due to the expiration of the current term of office, but can then be reelected for another term.

Additionally, apart from the expiration of the current term of office, a Member of the Audit Committee will cease to hold the position, in the event of:

1. Death
2. Resignation
3. No longer being a Director or Independent Director of the Company
4. The Board of Directors of the Company approves to terminate the term of office or to remove the person from being a Member of the Audit Committee
5. Not possessing all the required qualifications or possessing any prohibited qualifications, as specified by the SEC and SET as well as the Public Company Act

In the case that an Audit Committee position becomes vacant for any reason other than the expiration of the term of office, then the Board of Directors of the Company can appoint a person who possesses all the required qualifications to be a replacement Member of the Audit Committee for the remaining term of office of the Member being replaced.

In the event that a Member of the Audit Committee wishes to resign prior to completing the current term of office, the Company should be informed together with the reason for the resignation, so that the Board of Directors can then consider appointing another qualified Board Director to replace the Member who is resigning.

Duties and Responsibilities of the Audit Committee

The Audit Committee has the following duties and responsibilities, as assigned by the Company's Board of Directors.

1. Review and ensure that the Company has and submits financial reports that are correct, accurate and adequate.
2. Review and ensure that the Company has in place both internal controls and internal audit systems that are appropriate and effective; as well as considers and monitors the independence of the Internal Audit Office together with considering the appointment, transfer, or termination of the Head of the Internal Audit Office.
3. Review and ensure that the Company fully complies with all laws on securities and securities exchange and the regulations of the SET, as well as other laws applicable to the Company's business.

4. Consider and select, propose the appointment of qualified external Auditor/ Auditors together with the associated audit fee, as well as consider and remove Auditors; whereby the consideration process should take into account the level of independence, credibility, availability of people resources together with the experience of the assigned auditors to audit the Company's accounts. Further, a meeting should also take place with the authorized external Auditor of the Company at least once a year.
5. Consider and review all proposed related transactions or those tractions that may involve a conflict of interests, so that they comply with the applicable laws and regulatory requirements of the SET. As such, this is to ensure that such transactions are appropriate and for the maximum benefits of the Company.
6. Prepare the Report of the Audit Committee, through disclosing this in the Company's Annual Report; whereby the Report is to be signed by the Chairman of the Audit Committee and must consist of all the following information and details as required and specified by the SEC and SET
   A. Opinion on the correctness, accuracy, and comprehensiveness, together with the credibility of the Company's financial reports
   B. Opinion on the adequacy of the Company's internal audit system
   C. Opinion on compliance to all the laws on securities and securities exchange
   D. The regulations of the SET, and all laws applicable to the Company's businesses
   E. Opinion on the appropriateness and suitability of the external Auditor
   F. Opinion on those transactions that may involve a conflict of interests
   G. Number of Audit Committee meetings held during the year, and the attendance record of each Member of the Audit Committee
   H. Overall opinion or comments that the Audit Committee has received in discharging its responsibilities in accordance with the Charter for the Audit Committee
   I. Any other matters that the Audit Committee thinks that Shareholders should be informed about and that is within the scope of duties and responsibilities as assigned by the Company's Board of Directors
7. Review compliance with the established anti-corruption policy and the guidelines on fraud and corruption.
8. Review the efficiency and effectiveness of the established risk management processes, such as strategic risks; operational risks; financial risks; regulatory compliance risks; social, environmental and economic risks; taxation risks; as well as risks relating to fraud and corruption.
9. Undertake any other activities as assigned by the Company Board of Directors and with the concurrence of the Audit Committee; as well as prepare and submit a report of the activities of the Audit Committee at least once every Quarter.

In undertaking its duties and responsibilities, the Audit Committee is directly responsible to the Company's Board of Directors; while the Board of Directors is responsible to external parties for the ongoing operations of the Company.

In the event that there are any changes to the composition or the duties and responsibilities of the Audit Committee, the Company is required to disclose and inform such changes relating to the names of the Members of and the scope of responsibilities of the Audit Committee in accordance with the format as well as procedures specified by the SET within three (3) working days from such changes becoming effective via the SET's electronic communications system.

Additionally, the Audit Committee meets on a regular basis every month with and reports to the Company's Board of Directors the results of all such reviews every Quarter, as well as meets with the external Auditor to review the Financial Statements.

2. Sustainability and Corporate Governance Committee

The Board of Director's Meeting on 13 November 2018 approved the expansion of the authority, duties, and responsibilities of the Corporate Governance Committee. The Committee was assigned to formulate the policy on sustainability and set the goals and guidelines on innovation nurturing; business operations with responsibility to society; and sustainability development planning. The Charter of the Corporate Governance Committee was amended to correspond with the assigned work. In addition, the name of the Corporate Governance Committee was changed to the Sustainability and Corporate Governance Committee.

The Sustainability and Corporate Governance Committee was appointed by the Board of Directors' Meeting and is comprised of at least 3 directors, with a least half being Independent Directors and with Mr. Supot Shitgasornpongse, the Company Secretary, acting as the Secretary of the Committee.

During 2018, the Sustainability and Corporate Governance Committee held 4 meetings, with all Members of the Committee always attending these meetings, as shown below.

Name	Position	Meetings Attendance - 2018 (Number of Times)
1. Adjunct Professor Prasobsook Boondech	Chairman, Sustainability and Corporate Governance Committee	4/4
2. Police General Phatcharavat Wongsuwan	Member, Sustainability and Corporate Governance Committee	3/4
3. Mr. Padoong Techasarintr	Member, Sustainability and Corporate Governance Committee	4/4
4. Mr. Umroong Sanphasitvong	Member, Sustainability and Corporate Givernance Committee	4/4

Additionally, the Company also appointed an external expert to advise the Corporate Governance Committee so as to provide observations, opinions and recommendations in further developing and improving corporate governance procedures and processes, in order to upgrade existing CG practices to be of international standards, namely Corporate Governance Policy; conflicts of interests issues, Policy on Protecting Personal Information and Data, Business Ethics and Code of Business conducts, policy on risk management, IT governance, Policy on Insider Trading, required information disclosures as specified by the SEC and SET; and reports to the sustainability and Corporate Governance Committee.

Term of Office of Members of the Sustainability and Corporate Governance Committee

Members of the Sustainability and Corporate Governance Committee have a term of office that is concurrent with being a Director of the Company; whereby a Member of the Sustainability and Corporate Governance Committee will cease to hold that position due to the expiration of the current term of office, but can then be reelected for another term as appropriate.

Additionally, apart from the expiration of the current term of office, a Member of the Sustainability and Corporate Governance Committee will cease to hold the position, in the event of:

A. Death
B. Resignation
C. No longer being a Director or Independent Director of the Company
D. The Board of Directors of the Company approves to terminate the term of office or to remove from being a Member of the Corporate Governance Committee

In the event that a member of the Sustainability and Corporate Governance Committee wishes to resign prior to completing the current term of office, the Company should be informed together with the reason for the resignation, so that the Board of Directors can then consider appointing another qualified Board Director to replace the Member who is resigning.

In the event that a Sustainability and Corporate Governance Committee position becomes vacant for any reason other than the expiration of the term of office, then the Board of Director of the Company can appoint a person who possesses all the required qualifications to be a replacement Member of the Sustainability and Corporate Governance Committee for the remaining term of office of the Member being replaced.

Duties and Responsibilities of the Sustainability and Corporate Governance Committee (The amended Charter was approved by the Sustainability and Corporate Governance Committee and is in the process of being approved by the Board of Directors' Meeting in February 2019.)

1. Establish the Policy on Good Corporate Governance, Business Ethics and Code of Conduct, Policy on Anti-Corruption, and Policy on Sustainability that corresponds to the laws and the regulatory requirements of the government agencies and regulatory authorities of listed companies such as the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC); and submit to the Company's Board of Directors for approval.
2. Determine the policy and guidelines on innovation promotion, business operations with responsibility to society and the environment, and sustainable development planning.
3. Propose guidelines on corporate governance, guidelines on anti-corruption, and guidelines on sustainability management to the Board of Directors, as well as provide advice and recommendations to the Board of Directors relating to corporate governance and various practices relating to anti-corruption and sustainability management.
4. Oversee and ensure that the Company's executives act in full compliance with the established Policy on Corporate Governance, Policy on Anti-Corruption, and Policy on Sustainability; as well as review and assess, together with relevant directors and members of the Management Team, the results of acting in compliance with the Policy on Corporate Governance and the Policy on Sustainability together with giving recommendations on fully complying with the aforesaid policies.
5. Review the Policy on Corporate Governance, Business Ethics and Code of Conduct, Policy on Anti-Corruption, and Policy on Sustainability together with the associated guidelines on a continuing basis at least once a year, so that they are all current with the latest situation, through referring to the UN Global Compact (UNGC), international guidelines, and relevant laws and regulations of government agencies and regulatory authorities of listed companies, such as the Stock Exchange of Thailand and the Securities and Exchange Commission; and submit recommendations to the Board of Directors for approval in implementing such further improvements.
6. Report the results of the various activities undertaken and the results of the assessment of the compliance with the Policy on Corporate Governance, Policy on Anti-Corruption, and Policy on Sustainability, together with summarizing the key issues relating to corporate governance practices, anti-corruption activities, responsibility to society and the environment, and sustainability management to the Board of Directors at least two (2) times a year.
7. Oversee, ensure and monitor the progress of the activities of the various sub-Committees established by the Sustainability and Corporate Governance Committee, together with giving recommendations for further improvements and necessary support.
8. Coordinate the activities with the various sub-Committees in regards to cooperating in implementing corporate governance practices, anti-corruption activities, responsibility to society and the environment, and sustainability management, together with giving recommendations for improvements as necessary.

9. Encourage and support the Company to communicate with directors, executives, employees at all levels, and all involved parties in an adequate and continuous manner, so that they will all be fully aware of and fully understand the Policy and Guidelines on Corporate Governance, Business Ethics and Code of Conduct, Policy on Anti-Corruption, and Policy on Sustainability and associated guidelines.
10. Act in compliance with the Policy on Anti-Corruption together with associated guidelines on preventing fraud and on anti-corruption.
11. Endorse the Sustainability Development Report in order to present to the Board of Directors for approval before public disclosure.
12. Undertake any other activities as deemed appropriate and assigned by the Board of Directors.

3. Remuneration and Nomination Committee

The Remuneration and Nomination Committee was established by the Board of Directors of the Company and is comprised of 3 persons, with at least half must be Independent Directors, with Mr. Suraphan Pussadej, Senior Assistant Chief Executive Officer - Human Resource acting as Secretary to the Committee.

During 2018, the Remuneration and Nomination Committee held a total of 3 meetings, which were attended by all the Committee Members during their respective term of office, as shown below:

Name	Position	Number of Times
1. Police General Phatcharavat Wongsuwan*	Chairman, Remuneration and Nomination Committee	3/3
2. Mr. Padoong Techasarintr*	Member, Remuneration and Nomination Committee	3/3
3. Mr. Soopakij Chearavanont	Member, Remuneration and Nomination Committee	2/3

*Independent Director

Qualifications of the Members of the Remuneration and Nomination Committee

1. Being a Director of the Company.
2. Have appropriate knowledge, capability, and understanding of the nature of business and the role, duties, and responsibilities of the Board of Directors and sub-Committees, as well as possess good knowledge and understanding of corporate governance.
3. Possess far-sighted vision, follows the ongoing changing factors relating to determining remuneration and nominations at the international level on a continued basis, in order to make improvements to the Company's Remuneration and Nomination Policy.
4. Understand the appropriate ways to develop the potential and skills of each director and executive in order to enhance work performance.
5. Able to undertake the duties and responsibilities as well as to express opinions, together with reporting the results of the various activities undertaken as assigned in a fully independent manner. Also, able to devote adequate time to discharge the required responsibilities.
6. Can independently recruit and select suitably qualified persons to be nominated for consideration to be appointed as a Director of the Company to replace those Directors retiring upon the expiration of their respective terms of offices or for any other reasons; as well as prepare the required background information on proposed nominees adequate for consideration by the Board of Directors.

Term of Office for Members of the Remuneration and Nomination Committee

Members of the Remuneration and Nomination Committee have a term of office concurrent with being a Director of the Company; whereby Members of the Remuneration and Nomination Committee will cease to hold the position due to the expiration of the current term of office, but can then be reelected for another term as appropriate

Additionally, apart from the expiration of the current term of office, a Member of the Remuneration and Nomination Committee will cease to hold the position, in the event of:

1. Resignation.
2. Not possessing all the required qualifications in being a Member of the Remuneration and Nomination Committee as specified in the Charter for the Remuneration and Nomination Committee.
3. The Board of Directors if the Company resolves to remove form office.

If a Member of the Remuneration and Nomination Committee wishes to resign, a letter of resignation should be submitted to the Chairman of the Board of Directors, whereby the resignation will become effective immediately on the date the letter is submitted to the Chairman of the Board.

In the event that more than half or all of the Members of the Remuneration and Nomination Committee will cease to hold that position due to the expiration of the current term of office, the Remuneration and Nomination Committee shall inform the Board of Directors to consider appointing Independent Directors or non-executive directors to serve the position.

In the event that a Remuneration and Nomination Committee position becomes vacant for any reason other than the expiration of the term of office, then the Board of Director of the Company should appoint a person who possesses all the required qualifications to be a replacement Member of the Committee within 3 months from the date that there is a vacancy in the Remuneration and Nomination Committee, so that the Committee has the full required number of Members to undertake the work. As such, the replacement Member will hold the position for the remaining term of office of the Member of the Committee being replaced

Duties and Responsibilities of the Remuneration and Nomination Committee

1. Consider and determine the criteria for the remuneration and types of remuneration for directors and key executives for proposing to the Board of Directors. Consideration is given to both cash and non-cash payment benchmarking to leading companies in the same industry; the individual's performance, experience, duties, role and responsibilities; business expansion; the Company's financial status and operating results; and the Company's long-term strategy and goals, in order to motivate and retain quality directors and key executives. The Board of Directors will consider and approve the remuneration for key executives; while the Shareholders Meeting will approve the remuneration for Members of the Board of Directors every year.
2. Review and assess that the remuneration paid to key executives correspond to the actual achieved performance results by using assessment goals and criteria that is linked to short- and long-term strategies and plans.
3. Consider and determine the criteria and procedures for selecting and nominating persons who possess the appropriate and required qualifications to be appointed as a Director, corresponding with the Company's business strategy; as well as select the final nominees in accordance with the established procedures such as consider the names and background of the nominees from the existing Committee, open opportunities for shareholders to nominate persons for director positions, consider using external consultants, or consider individuals from the Pool of IOD Chartered Directors, with consideration to appropriate and diversified qualifications in terms of qualifications, profession, skills, age, experience, gender, and special abilities that will benefit the Company; and propose to the Board of Directors for consideration and approval.
4. Establish programs to develop the work of directors and key executives and the Succession Plan; and review the aforesaid programs and plan every year.

5. Oversee the orientation of new directors to ensure understanding of their role, duties, and responsibilities; and present information relating to the Company's policies, nature of business, and business environment that must be taken into consideration.
6. Establish plans on training and development of the knowledge and expertise of the current directors which is appropriate to the changing external situation and sustainable development of the Company, in terms of both business operations and corporate governance.
7. Recommend the procedures for assessing the performance of the Board of Directors and other sub-Committees with review of the procedures on an annual basis and with consideration of the use of external consultants; as well as monitor and summarize the results of the assessment to the Board of Directors for acknowledgement in order to improve work performance and enhance knowledge and capabilities of the Company's directors.
8. Undertake any other activities as considered appropriate and assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Remuneration and Nomination Committee is authorized to call for and order the management or employees concerned to give opinions, attend meetings or submit necessary documents. In addition, in performing its duty under the scope of authority as specified in the Charter, the Remuneration and Nomination Committee may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate.

2. Performance Evaluation of the Committees

In 2018, the Company arranged that a self-evaluation as a group be undertaken by the Committee including the Audit Committee, the sustainability and Corporate Governance Committee; and the Remuneration and Nomination Committee. This is so that these Committees can review and assess their activities and performance results together with the various obstacles faced during the past year, in order to help make the work of these Committees to be more effective

The performance self-evaluation form to be Members of Committees – as a group consists of these questions or aspects to be considered:

- The composition of and qualifications for the Committee are appropriate for the required activities and enable the Committee to work effectively ie. the total number of Members of the Committee are appropriate; the required knowledge and experience are appropriate for undertaking the assigned responsibilities; the number of Independent Directors on the Committee is appropriate; the procedures for selecting and nominating Members of the Committees with the required appropriate qualifications are transparent and equitable, as well as are not subject to undue influence from any one person in particular.
- The meetings of the Committee, that take place to enable the Committee to discharge its assigned responsibilities, are held in an effective manner ie. information of the Committee Meetings dates during the year and associated details are given in advance; the frequency of the meetings of the Committee is appropriate; the time allowed for discussions of each Agenda Item is adequate and appropriate; relevant information for the proposed discussions are received in advance so as to have sufficient time to study them; the atmosphere during the meetings is conducive to freely express constructive ideas; those Members of the Committee with a vested interest in a matter being discussed do not participate in the discussions and decision of the matter in question.
- Great importance is given to the role and responsibilities of the Committee; sufficient amount of time is given to review and discuss them; and they are adequately adhered to by the Committee in an adequate manner

Audit Committee

- Reviews the financial reports, so that the Company will have Financial Statements that are accurate and credible. Reviews and assesses that the Company conducts its businesses in accordance with the applicable laws and fully comply with all the specified regulations. Review and assesses that an adequate and positive internal controls system is in place. Considers and assesses that the proposed related transactions and transactions that may involve conflicts of interest are undertaken in accordance with the specified regulatory requirements. Gives an opinion on the appointment or removal of the Head of the Internal Audit Unit. Considers, selects and proposes the appointment or termination of the external Auditor together with the associated audit fee. Arranges that the Management has in place appropriate operating procedures and systems to receive and deal with information or complaints.

Sustainability and Corporate Governance Committee

- Proposes to the Board of Directors operating guidelines and procedures on good corporate governance practices, together with giving further relevant recommendations to the Board. Oversees and ensures that the Board Directors of Company and the Management comply with the principles and practices of good corporate governance. Regularly reviews and assesses the abovementioned CG operating guidelines. And also compares them with those implemented overseas so as to further develop them to be of international standards. Determine the policy and associated operating guidelines on taking care of society as a whole, local communities and the environment; together with monitors that actual activities undertaken are appropriate. Establishes the operating framework and associated guidelines on anti-corruption.

Remuneration and Nomination Committee

- Determines that the qualifications being sought and required by Board Directors correspond to the relevant laws and nature of the Company's business. Undertakes activities and summarizes the final list of nominee candidates for proposing to the Board of Directors for their consideration in an appropriate manner. Arranges to have a succession plan in place. Determines a training program and development of the skills of Board Directors on a continuing basis. Considers and assesses the guidelines for determining both the cash and non-cash types of remuneration of Board Directors and senior Executives/ Management. Determines the process and criteria for determining the remuneration that are equitable; such as: comparing the corresponding remuneration given by other businesses within the same industry sector.

The self-evaluation form of the various Committees provides space for Members to indicating their respective scoring, which consist of 5 possible scores; namely:

0 = Do not agree with strongly; and does not undertake the respective activity/does not address the matter at all

1 = Do not agree at all; and undertakes the respective activity/addresses the matter to a small extent

2 = Agree; and undertakes the respective activity/addresses the matter to a fair extent

3 = Agree to a greater extent; and undertakes the respective activity/addresses the matter to a good extent

4 = Agree strongly; and undertakes the respective activity/addresses the matter to an excellent degree

Additionally, space is provided for the Committees Members to add further comments freely comments

Summary of the results of the self-evaluation by Committee Members – on an individual basis is as follows:

Audit Committee

A high degree of agreement; or the Committee's activities address that respective aspect/matter to an excellent degree, with the total average score = 100%

Sustainability and Corporate Governance Committee

A high degree of agreement; or the Committee's activities address that respective aspect/matter to an excellent degree, with the total average score = 90%

And a high degree of agreement; or the Committee's activities address that respective aspect/matter well, with the total average score = 10%

Remuneration and Nomination Committee

A high degree of agreement or the Committee's activities addresses that respective aspect/matter to an excellent degree, with the total average score = 92%

And a high degree of agreement; or the Board Committee's activities address that respective aspect/matter well, with the total average score = 8%

3. Nominating and Appointing Board Directors and High-Level Executives

- **Independent Directors**

The Company has a total of 5 Independent Directors, or equal to 1/3 of the total number of Board Directors, namely Mr. Pridi Boonyoung, Mr. Padoong Techasarintr, Police General Phatcharavat Wongsuwan, Adjunct Prof. Prasobsook Boondech, and Mrs. Nampung Wongsmith.

- **Qualifications of Independent Directors**

Apart from the generally required qualifications in accordance with the Public Company Act and the Securities and Securities Exchange Act as well as other applicable laws, Independent Directors of the Company also have specifically required qualifications in accordance with the announcement of the Capital Markets Supervisory Board as well as the Charter for the Board of Directors of the Company.

Additionally, the Company has also specified that the percentage of the shares of the Company able to be owned by Independent Directors (as per Item 1 and Item 8) to be more stringent than the minimum percentage as announced by law. As such, the Independent Directors of the Company must possess the following specific and required qualifications.

1. Owning not more than 0.5% of the total number of shares with the right to vote and issued by the Company, Parent Company, Subsidiary Company, and Joint Venture Company; or of the Major Shareholder, or of a person with a controlling power over the Company. As such, this total shareholding also includes those shares owned by persons related to the respective Independent Director.
2. Not being or having been a Director involved in the management of the operations of, an Employee of; or an advisor with a monthly retainer to; or a person with a controlling power over the Company, Parent Company, Subsidiary Company, Joint Venture Company, and Subsidiary Company of the same status, Joint Venture Company, the Major Shareholder of, or a person with a controlling power over the Company; unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed. As such, this prohibited qualification is not applicable in the event that the Independent Director used to be a Civil Servant or an advisor to the Government Agency/organization that is a Major Shareholder of or a party with a controlling power over the Company.
3. Not being a person who has a relationship, by blood or by legal registration, as a parent, spouse, sibling or children, as well as spouse of the children, of an Executive of, a Major Shareholder of, a person wth a controlling power over; as well as a person proposed to be appointed as an Executive or as a person with a controlling power over, the Company or Subsidiary Company.

4. Not being or having been a person with a business relationship with the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as with a Major Shareholder of or a person with a controlling power over the Company, so as to may be an obstacle to exercising judgments in a fully independent manner. This also includes not being or having been a significant Shareholder of a party or having a controlling power over a party with a business relationship with the Company, Subsidiary Company, Joint Venture Company, as well as with a Major Shareholder of or a person with a controlling interest of the Company. This is unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed.
5. Not being or having been an auditor of the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as of a Major Shareholder of, or a person with a controlling power over the Company; as well as not being or having been a significant Shareholder of, a person with a controlling power over, or a Partner of the Audit firm of the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as of a Major Shareholder of or a person with a controlling power over the assigned Company. This is unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed.
6. Not being or having been a person providing any professional services - including legal or financial advisory services - with an annual professional fees payment of more than Baht 2.0 million- to the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as to a Major Shareholder of or a person with a controlling power over the Company; as well as not being or having been a significant Shareholder, a person with a controlling power over, or a Partner of the Professional Services firm in question. This is unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed.
7. Not being or having been a Director appointed to represent a Director of the Company, a Major Shareholder, or a Shareholder associated with a Major Shareholder.
8. Not having a business similar to or the same as or that is a significant competitor of the Company or Subsidiary Company; or not being a significant Shareholder in a Business Partnership, or a Director actively involved in managing the business operations, Employee or Staff of, or an advisor who receives a monthly retainer to; or owning more than 0.5% of the total voting shares of a company/business that operates a business similar to or the same as or is a significant competitor of the Company or Subsidiary Company.
9. Not being a person who is in a position to not be able to exercise judgements in a fully independent manner with regards to the operations of the Company.

An Independent Director possessing the specific and required qualifications 1 to 9 above may be assigned by the Board of Directors to make decisions relating the operations of the Company, Parent Company, Subsidiary Company, Joint Venture Company, Subsidiary Company of the same status, of a Major Shareholder or a person with a controlling power over the Company; whereby the decision will be made as a collective decision.

In the event that a person appointed by the Company as an Independent Director is or has been a person with a business relationship with or providing professional services (with a total value as specified in Item 4 and 6), the Company may exempt the requirement in the event that it views that the appointment of the person in question will not have any effect on the person's ability to discharge the assigned responsibilities and to express opinions in a fully independent manner; whereby the Company has disclose this matter and following relevant information in the supporting documents relating to the respective Agenda Item for consideration as sent to Shareholders in advance together with the Letter of Invitation to the Shareholders Meeting.

A. Nature of the business relationship or professional services provided that disqualifies the person in question by having a qualification that is not in accordance wth the established criteria.

B. Reason and necessity for retaining or appointing the person in question as an Independent Director of the Company.

C. Opinion of the Board of Directors in proposing the nominee to be appointed as an Independent Director

- **Guidelines in Selecting and Nominating Persons for Appointment as a Director**

The Company has appointed the Remuneration and Nomination Committee to be responsible for determining the criteria and procedures in selecting and nominating persons with the appropriate and required qualifications to be appointed a Director.

Selection of a Director

The Remuneration and Nomination Committee recruits, selects and screens individuals to be a Director to replace Members whose term will expire or for any other reason, before presenting to the Board of Directors Meeting or the Shareholders' Meeting for resolution and appointment. The Director may be proposed by minority shareholders in accordance with the criteria and process specified by the Company, or from qualified persons with background and expertise from various professions, who possess leadership qualities, broad vision, knowledge, capabilities, morality and ethics, and past professional experiences that will meet the requirements of the vacant directorship position within the Company.

Criteria and Process for Selection

1. The Remuneration and Nomination Committee is responsible for selecting individuals with appropriate qualifications by considering the list of proposed names for directorship position and their background or from the Professional Pool of IOD Chartered Directors.
2. It is the equitable right of every shareholder to propose other individuals for consideration. The Company has established the process for nomination and announcement through the Stock Exchange of Thailand's information system, ninety (90) days prior to the end of the accounting period.
3. The Remuneration and Nomination Committee is responsible for screening and examining the names that will be proposed for directorship position with the related agencies to ensure that the individual has the appropriate and required qualifications and does not have any untrustworthy characteristics.
4. The Remuneration and Nomination Committee presents the names of the individuals who have been considered to the Board of Directors Meeting. In case of the expiration of the Director's term of office, the Board of Directors will propose the nominees to the Shareholders' Meeting for approval. For other cases, the Director may be appointed by the Board of Directors.
5. In voting, each shareholder shall have a number of votes equal to one share per one vote and voting for each position will be considered on an individual basis.

- **Nominating High-Level Executives and Succession Plan for High-Level Executive Positions of the Company**

To enable the organization to successfully compete in the market with intense competition and to maintain the sustainable growth of the organization, the Company has formulated and implemented the policy on Talent Management as well as implemented Succession Planning for high-level executives. In 2018, the Company reviewed the policy, criteria and implementation process for the programs to ensure effective management of the programs in line with the changing competitive business environment and to support the organization's future growth. Details of the implementation of the programs are as follows:

1. Selection and development of Talent workforce

The program's objectives are to ensure that the Company has the Right Supply of Talented Workforce to support competition and sustainable business growth; and to ensure that the Company can retain talented workforce to love and be committed to the organization and continue working with the Company in the long run as well as be good executives and grow

to be the successors of executives in the future (Pipeline for Succession Plan Program). The Company has a policy to select and develop employees with high potential, both inside and outside the organization. Internally, employees from the supervisor level and above will be identified for development. Employees who have been selected will receive the opportunity to join the program to develop their knowledge, capabilities and experiences. The Company will monitor and report the progress of the development to the high-level executives on a continuous basis to ensure that implementation is according to the set plan and goals.

2. Succession Planning

To create confidence among all stakeholders that the Company has business continuity and sustainability with successors who have knowledge, capability, experience and preparedness to immediately replace vacant important positions, the Company has continuously implemented succession planning. In 2018, the Company assessed the potential of executives in order to use the information for developing their strengths and managing their potential for future growth. Emphasis was given to actual on-the-job learning such as Job Rotation, Special Project Assignment, and working closely with executives. The Company monitors the progress of the development plan and reports the results of the development to the high-level executives on a continuous basis.

4. Corporate Governance of The Operations of Subsidiary Companies and Joint Venture Companies

The Company's Board of Directors has ensured that an operating framework and associated mechanisms be established for the corporate governance of the policies and operations of Subsidiary Companies, Joint Venture Companies and other businesses in which the Company has made joint investments, both of are to be significant in nature manner and at an appropriate level. This is to achieve positive oversight and to protect the overall interests of the Company's financial investments through:

1. Assigning persons as representatives of the Company to be Board Directors, senior Management or a party with controlling power over the various abovementioned types of companies. This will be based on the percentage shareholding held by the Company and with the concurrence of the Executive Committee.
2. Determining the scope of authority, duties and responsibility of the Directors or senior Management member who have be assigned to be representatives of the Company in accordance with and as defined by the operating handbook of those respective Subsidiary Companies etc. with regards to the separation of power and authority.
3. Establishing various operating mechanisms to oversee the required disclosures of information relating to the financial status and operating performance results of these organization, the related transactions with connected parties, the acquisition or disposal of assets, or any other important transactions undertaken by these companies. This is so that these transactions are undertaken in a correct and comprehensive manner, based on the same principles of information disclosures of the Company that are to be made through a central unit involving the finance and accounting, and legal departments as well as the office of the Company Secretary, so as to enable using the relevant information in preparing the financial statements of the Company in accordance with the established standards and required time frame. Additionally, the Regulations of the Subsidiary also specify the procedures in undertaking any inter-related transactions together with the acquisition and disposal of assets, and that these transactions must be undertaken in accordance with the applicable laws on securities.
4. Further, appropriate internal controls system have been established that are adequate and comprehensive with various transactions undertaken in accordance with the applicable laws and including with the Handbook in the Separation of Operating Power and Authority; whereby these internal controls system have been reviewed and tested by the Internal Audit Unit of the Company/Group.

5. Preventing Conflicts of Interests and Overseeing the Use of Inside Confidential Information

1. Preventing Conflicts of Interests

The Board of Directors of the Company has the duty and responsibilities to oversee and manage any conflict of interests transactions that may occur between the Company and Management, the Board of Directors, or Shareholders and the taking advantage of the Company by gaining benefits from making use of the assets, information and business opportunities of the Company in an improper manner, together with the undertaking any business transactions with those with a relationship with the Company in an improper manner. As such, the Company has established a clear policy on undertaking transactions that may cause a conflict of interests, whereby these must be undertaken for the overall maximum benefits of the Company and the Shareholders, through considering all such transactions in a careful manner by having to be reviewed and concurred by the Audit Committee and then being proposed for approval by the Board of Directors of the Company. Further, those Directors with a vested interest must not participate in the consideration and approval process. And after being approved, the Board resolution for the related transactions are to be reported to the SET for disseminating the relevant information to the Shareholders within the same day as the Board resolution to approve is made or at he latest by 09:00 hours of the following working day, so that Shareholders are informed in an accurate, fast and timely manner.

Additionally, the Board of Directors considers it to be an important duty and responsibility to prevent any activities that may cause situations of conflicts of interest from occurring; whereby Board Directors, Executives/Management, and Staff together with their families and close relatives or friends must not undertake any transactions that will result in a conflict of interests with the Company, whether directly or indirectly as well as whether it is undertaken by the person alone or jointly with family members or close relatives and friends. Thus, in order to avoid any inappropriateness that may result; whereby these actions have been undertaken.

- Establishing a system to protect and keep safe information; as well as established policies on together with operating procedures for maintaining the confidentiality of the information, maintaining the credibility of and the preparedness to use the information. The policies and associate operating procedures are for strict adherence by Board Directors, Executives and Staff as well as by those other involved persons or business units, in order to prevent the use of such information to gain benefits through trading in the shares of the Company in an improper manner
- Requiring Board Directors and Executives of the Company and of the Subsidiary Companies to submit a report every year of their vested interests, as well as to update these reports every time there are any changes; whereby the report is kept by the Company Secretary. Additionally, copies of the report are also to be submitted to the Chairman of the Board and the Chairman of the Audit Committee. This 'vested interests' report also include information on the vested interest of and relationships with their immediate family members and close associates that may also result in situations of conflicts of interests. However, in the event that a related business transaction must be undertaken, it must be done in a fully transparent and equitable manner as if undertaking a transaction with an external third-party, as well as must be to the maximum benefits of the Company. Further, those Board Directors and Management members with a vested interest must not participate in the discussions, consideration and approval process.
- Approving the agreements for business transactions that contain normal terms and conditions for use by Management in undertaking related transactions between the Company or Subsidiary Companies and Board Directors, Executives and other related parties, in the event that such related transactions are based on business transactions terms and conditions similar in nature to those agreements in general situations that reasonable persons might use with their co-parties for which the negotiations do not involve one party exerting under influence in the position as a involved Board Director, Executive or a co-party to the business agreement. Additionally, the Company is required to prepare a summary report of all related transactions every Quarter for submitting to the Bird of Directors, which must be reviewed by the Audit Committee.

In 2018, the Company entered into one (1) connected transaction that is the purchase of ordinary shares of Thai Smart Card Company Limited from True Corporation Public Company Limited, with a transaction value of approximately Baht 454 million. The connected transaction is considered as a medium size transaction related to assets and service. The transaction was approved by the Audit Committee and the Board of Directors who has no interest in the transaction that the transaction is deemed reasonable and for the best interest of the Company, as well as for the benefit of all shareholders. Additional details were provided in the Information Memorandum of Connected Transaction which was disclosed to the Stock Exchange of Thailand on 13 November 2018. In addition, the Company and its subsidiaries did transactions with related parties which these inter-company transactions were made and agreed as a normal business transaction that the Management Team can conduct under the principles set by the Board of Directors.

2. Overseeing Inside Confidential Information

The Company gives importance to the misuse of inside confidential information for personal gain. Thus, it has included in the Company's Policy on Corporate Governance as well as in the Handbook on Business Ethics and Code of Business Conducts that it is prohibited to make use of confidential information that is known to them and that may be for the purpose of gaining personal benefits prior to such confidential information is disclosed to the general public. As such, a policy has been established the Policy on Protecting the Misuse of Inside Confidential Information together wth associated operating guidelines on the buying and selling of the shares of the Company for use by Board Directors, Executives and employees. This is aimed to be measures to prevent the misuse of inside confidential information (or insider trading) by any involved parties, such as Board Directors, Executives and employee working in the Business Units that deal with confidential Company information, and includes those share of the Company owned by their spouses as well as children and adopted children who are not yet of legal age, as follows:

- Whenever there is any trading (acquisition or disposal) of securities of the Company by directors and executives of the Company, they are required to file a report at least one (1) business day prior to the actual trading of such securities are made, through using the Pre-59 Form "Advance Notice of Trading of the Securities of the Company", to the Company Secretary who will keep the Pre-59 Form on file and will make a summary report of all the reported planned trading to the Board of Directors on an annual basis. Thereafter, once the actual trading of the securities of the Company is completed, then a report on the changes in securities holding, Form 59, must be submitted electronically to the SEC within 3 business days after the actual trade has been made; whereby the SEC will disclose this information on the changes in securities holding on its website. This will enable investors to monitor such changes in securities holding by the said persons who are in the position or situation that might have access to inside information of the Company and might make use of such information for their own personal benefit prior to the information being disclosed to the general public.
- Board Directors, Executives and employees, who are able to access to or have in their possession any confidential inside information, are told they are forbidden to trade (acquire/dispose of) shares of the Company for a specific duration immediately prior to the disclosure of such information to the general public; whereby the Company has compiled a list of names of such persons who are able to access to or have in their possession any confidential inside information (Insider List); namely Board Directors, Executives and employee or other people, who may have the opportunity to gain access to such confidential information and then seek to gain personal benefits from such information in an improper manner prior to the information is disclosed to the general public. As such, all these persons are prohibited from trading any shares of the Company during the "Blackout period", the period of having access to or possessing inside confidential information or other sensitive information that may affect the share price, as well as for a period of 30 days prior to the disclosure of financial information to the SET and general public and for 1 day after the disclosure. The Company Secretary will send an email 1 week in advance every time to remind and warn such persons of the prohibited period for trading the shares of the Company as stated above.

- It is prohibited to make improper use of inside confidential information that have nit yet been disclosed to the general public or to the SET for the sake of gaining personal benefit or for the benefit of any other involved parties, which is considered to be a means of taking unfair advantage of other Shareholders
- Reports are required to be submitted every Quarter regarding the ownership of any shares of the Company by the Board Directors, and by their spouses, as well as children and adopted children who are not yet of legal age.

As such, during 2018, there were no incidents relating to any breach of inside information on the part of Board Directors, Executive Directors, high-level Executives and employee of the Company.

6. Audit Fee

1. Audit fee

In 2018, the Company paid audit fees to the external independent Auditor of the Company, Ms. Munchupa Singsuksawat, CPA No. 6112 of KPMG Phoomchai Audit Co. Ltd., totaling Baht 5,413,000. Additionally, KPMG Phoomchai Audit Co. Ltd is also the Auditor of a total of 22 Subsidiary Companies located in Thailand and 2 Subsidiary Companies located in overseas, including Lotus Distribution Investment Limited and Albuera International Limited

As for the other overseas Subsidiary Companies, namely Successor Investments Limited, Successor (China) Investments Limited, and Nanjing Zheng Yi Xin Trading Co., Ltd., Indoguna Vina Food Service Co., Ltd., Makro (Cambodia) Co., Ltd. and CP Wholesale India Private Limited, the associated audit fees were paid to KPMG overseas.

2. Other Non-Audit Services

In 2018, the Company and Subsidiary Companies did not receive any other non-audit services from KPMG Phoomchai Audit Co., Ltd.

7. The adoption of CG Code 2017 for listed companies issued by the SEC

Throughout 2018, the Company has fully complied with the CG Code 2017 for listed companies issued by the SEC and adopted the Code for the Company's business context as appropriate, except for the following aspects:

1. The Company needs to have more than 12 Board of Directors, whereby the current total of 15 Board of Directors is appropriate for the size and type of Company's business that is complicated, so that they can help to oversee the management operations of the Company's Subsidiaries that are both varied and numerous.
2. The Chairman of the Board is not an Independent Director, since the Company's business is complicated; whereby there is a need for a leader who is capable and well-experienced as well as with extensive knowledgeable in both overall business management and the retail business in particular. Despite the fact that the Chairman is not an Independent Director, the Company has in place an internal audit system that incorporates operating mechanisms to achieve a balance of power, is transparent and based on the principles of good corporate governance and the discharge of duties and that always take into consideration the overall benefits of all stakeholders.
3. The Company has Independent Directors with terms of office exceeding 9 years in total from the initial date of appointment as an Independent Director. This is because our type of business is complex and thus requires Independent Directors, who are knowledgeable as well as who have specific experiences in and a true understanding of our business operations, which requires a longtime to learn and fully understand. Furthermore, despite the fact that the Independent Directors of the Company have terms of office exceeding 9 years in total from the initial date of appointment, but given their qualifications, extensive experience and reputation it will result in each of these Independent Directors being able to remain fully independent in the effective discharge of their duties. Nevertheless, effective from the date of the AGM 2018, the Company has now determined that Independent Directors of the Company cannot have a maximum term of office exceeding 9 years in total, unless the Shareholders Meeting

considers and approves the reasons and necessity for appointing an Independent Director having a term of office exceeding 9 consecutive years in total as proposed by the Company.

4. The Company has not yet appointed an external consultant to help define and propose the required procedures and process for the performance evaluation exercise of the Board that should be undertaken at least every 3 years, and the results of which then should be disclosed in the Company's Annual Report. However, currently each Company Board of Director individually and each Board Committee as a group undertakes an annual self-evaluation of their performance every year; whereby they all carry out a self-assessment of their performance and express their comments in a fully independent manner. As such, the results of the performance self-evaluation activities are used to further develop the effective discharge of the duties of the Board of Directors; and both the criteria and the process used for this self-evaluation exercise are disclosed in the Company's Annual Report. However, the Company will revise the format and procedures for the required self-evaluation exercise by Board of Directors to be in line with the requirements as specified in the CG Code 2017.

8. Compliance to the Principles of Good Corporate Governance in Other Aspects

Throughout 2018, the Company took action to raise and improve its governance system to be of international standards in order to create confidence for all shareholders and stakeholders. Important developments relating to corporate governance are as follows:

1. Expanded the authority, duties, and responsibilities of the Corporate Governance Committee. The Committee was assigned to formulate the policy on sustainability and set the goals and guidelines on innovation promotion; business operations with responsibility to society; and sustainable development planning. In addition, the name of the Corporate Governance Committee was changed to the Sustainability and Corporate Governance Committee.
2. Amended the Charter of the Audit Committee to correspond with the Private Sector Collective Action Coalition against Corruption (CAC) and the Dow Jones Sustainability Indices (DJSI).
3. Amended the Charter of the Remuneration and Nomination Committee to correspond with the Best Practice Guideline issued by the Thai Institute of Directors (IOD) and CG Code 2017 issued by the SEC.
4. Appointed a new Corporate Governance Sub-Committee and set the plan and operating guidelines of the Corporate Governance Sub-Committee as well as preparing to establish the Sustainable Development Sub-Committee as mechanisms to support the work of the Sustainability and Corporate Governance Committee.
5. Formulated various policies relating to good corporate governance, namely, the policy and guidelines on conflicts of interest, policy on whistle-blowing and whistle-blower protection, policy on data protection and privacy, policy on occupational safety, health and environment, and the anti-money laundering policy.
6. The Company was selected to be a member of the FTSE4Good Index 2018 (designed to measure the performance of companies demonstrating strong Environmental, Social and Governance practices) in 2 series, the FTSE4Good Emerging Index and FTSE4Good ASEAN 5 Index, for the first time. This is a testament to the Company's commitment to conduct business following sustainable development, managing the business with balance of social and environmental responsibility and governance.

   The FTSE4Good Index, launched in 2001 and covering various companies in more than 20 countries around the world, is a tool that investors can use when assessing sustainable investment products and is a transparent and evolving global Environmental, Social and Governance (ESG) standard against which companies can assess their progress and achievement. This index series selects companies that effectively manage risks in these 3 areas and is used as a fundamental index of Tracker Funds and Structured Products. It is also considered as a Performance Benchmark index.

7. The Company was selected for the first time to be a member of the Dow Jones Sustainability World Index (DJSI World). It is the only company in Thailand in the Food & Staples Retailing sector that was selected in the DJSI World 2018. Furthermore, the Company retained its membership of the DJSI Emerging Markets Index for the second consecutive year, demonstrating achievements from the vision of the Company's executives and the dedicated efforts of all employees who have a clear goal in establishing strategies for organizational development and business operations toward sustainability.

   The Dow Jones Sustainability Indices (DJSI) is a globally renown family of indices evaluating the sustainability performance of 2,500 leading companies worldwide. Selection of members into the DJSI assesses corporate performance as well as social and environmental performance. It is an important reference that funds across the world use in making securities investment decisions. Companies in the DJSI are companies that have work processes and performance aiming towards global sustainability. Companies that join in the assessment will be able to compare their operational performance with international industry leaders and participation will be acknowledged by international organizations, especially in relation to sustainable development compared with international leaders.
8. The Company was selected as a member of the Thailand Sustainability Index (THSI) 2018 initiated by the Stock Exchange of Thailand.
9. The Company was awarded World Best Employer 2108 from the survey conducted by Forbes, ranking No. 5 in Thailand and No. 84 worldwide.
10. The Company received 4 stars or Very Good CG Scoring from the Corporate Governance Report (CGR) of Thai Listed Companies 2018.

Corporate Social Responsibility

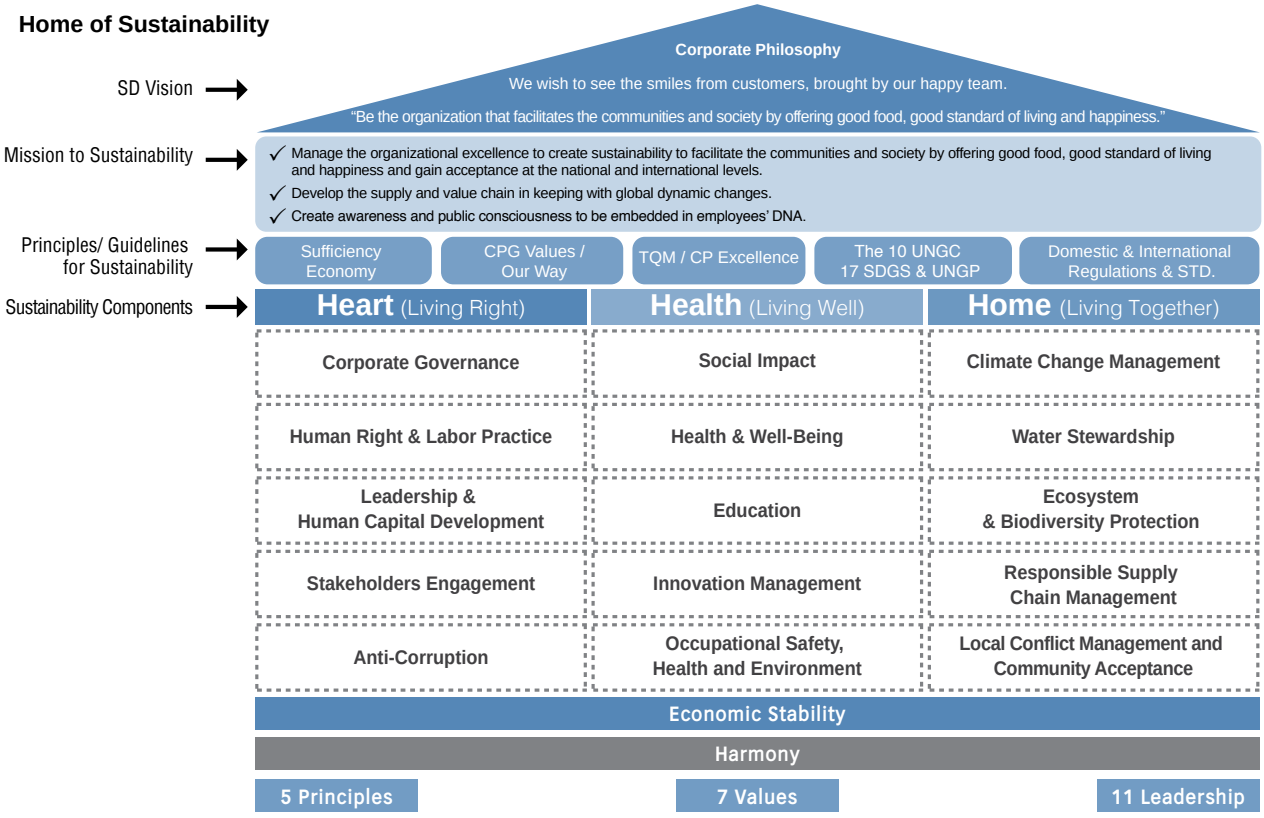
Building on Ideology, Strategy for Sustainability

Based on work experience that has formed and been distilled over the years, in combination with global case studies, CP ALL Plc. and its Subsidiaries ("the Company") is cognizant of the importance in managing corporate sustainability issue and those of broader society. It is undeniable that global organizations that have successfully grown and been widely accepted are companies with strong sustainability management. It is also evident that these companies' efficiency grows in tandem with the resilience and strong cooperation with their stakeholders in supporting their business operations.

Cognizant of its long-term business operations, the Company has fused a corporate sustainability approach as part of its 2018-2022 corporate strategy, to be driven by the Corporate Sustainability Development Committee tasked with ensuring that sustainability issues are reflected in the Company's regular business operations and can be effectively implemented. The approach, following the business' corporate strategy and sustainability framework, can be summarized as follows:

- Assessment and evaluation of the Company's effectiveness as regards sustainability, in order to identify improvement approaches on its business operations to integrate international sustainability practice in the organization and its supply chain.
- Foster ideas, knowledge, understanding, and raise awareness on conducting sustainable business operations with employees and executive management at all levels, in order to create organization-wide involvement

Policy on Sustainability: In order to conform with and promote the "Sustainability Development Principles, Goals and Indicators of Charoen Pokphand Group", the Company has formulated the sustainability strategy and declared the sustainability development policy and goals of CP All Public Company Limited and its subsidiaries since 2017. Such policy is under the framework of Heart - Committed to conducting business with the heart filled with sustainability, fairness, transparency and auditability; Health - Committed to building a sustainable society with good health, and; Home - Committed to fostering sustainable perpetual environment.



Sustainability Development Strategy and Goals

In order to ensure effective and tangible results in driving corporate sustainability. The Company has established CP ALL Plc. Corporate Sustainability Committee on November 16th, 2015, with Mr. Tanin Buramanit as the Committee's president. Representatives from all key functions are also part of the Committee. The Committee is responsible in corporate governance, setting and reviewing policy, indicators, as well as driving forth sustainability performance.

1 Corporate Governance :
Creation of assurances in operations concerning stakeholders by reporting the Company's governance-related activities, with the aim of transparency, fair business competition, ethical business practices, and pursuing sustainability efforts through reporting which has passed independent verification following international standards.

2 Human Rights and Labor Practice :
Human Rights Due Diligence (HRDD) has been conducted according to the United Nation Guiding Principles on Business and Human Rights (UNGPBHR), fully respecting and upholding human rights. Communication channels for human rights-related grievance have been established, along with diversity and inclusion management.

3 Leadership and Human Capital Development :
Develop employees to be equipped with the necessary knowledge and skills to facilitate sustainable business operations. Develop the Company's leaders to possess visions in business sustainability's change management. Develop suppliers and business partners to have the necessary knowledge and skills to support sustainable business operations.

4 Stakeholders Engagement :
Develop a relationship-building process with stakeholders, by identifying the stakeholder groups, gain understanding in each group's needs and expectations. This will enable effective response to stakeholders, as well as creating internal corporate awareness towards stakeholders. There is a process to review every grievances submitted from the stakeholders.

5 Anti-Corruption :
Create awareness to employees and critical suppliers regarding the importance of, and the commitment to, anti-corruption. This was achieved in compliance with 'Anti-Corruption Practice.' It serves as an operational guideline, maintaining alignment to the Anti-Corruption Policy, utilized in prevention, identification, and responses of the Company's anti-corruption efforts. This encompasses corruption cases in the Company. The arrangement enables the company to remain true to its established commitment.

6 Social Impact :
Creating social values by promoting jobs and enhance income for farmers, SMEs, and Suppliers; creating professional opportunity, while ameliorate quality of life for vulnerable groups (a particular social group that requires support)

7 Health and Well-Being :
Development of new products and services, most of which are focused on health, nutrition, and good well-being. Promote nutrition labeling for food products, as well as developing service, projects, or activities which consistently foster good health and well-being.

8 Education :
Support children, youths, and adults in accessibility to education, and development of necessary skills, including technical and employment-related skills; in having good occupation, and working as an entrepreneur.

9 Innovation Management :
Generate values from innovation, both from new products, and those resulted from cost-saving, as arise from product or process innovation. Enhance the Corporate of Innovation culture, and foster joint-creation of innovation with external stakeholders.

10 Occupational Safety, Health and Environment :
Emphasize on safety, industrial hygiene, and work environment of employees, as well as contractors. These components are considered crucial for all operations.

11 Climate Change Management :
Reduce greenhouse gas emission, via declined energy consumption per production unit, and an increased proportion of renewable energy usage. Efforts include lower amount of waste to landfill and reduced usage of plastics and papers. Farmers, business partners, and suppliers are encouraged to mitigate their impacts, and enhance change, climate resilience. Climate change impacts assessment throughout a given product or service life cycle is also embolden, in addition to backing for projects on climate change-induced disaster response, jointly implemented with the Company's stakeholders.

12 Water Stewardship :
Reduce water usage per production unit. There is the efforts to manage water scarcity risk, by increasing the rate of water recycling, and substantiating community's access to water source, in an appropriate manner.

13 Ecosystem and Biodiversity Protection :
Raw material sourcing assessment to ensure that the source does not pertain deforestation or damages of marine resources. Provide support to projects on protection and restoration of natural habitat accordingly (such as upstream forests, the ocean, and the beaches) appropriately.

14 Responsible Supply Chain Management :
Conduct sustainability assessment for all critical business partners to procure primary raw material and products from responsible and traceable sources. This includes the efforts to develop mutual sustainable growth with business partners.

15 Local Conflict Management and Community Acceptance :
Discuss and kindle relationships to ascertain understanding, which will help ease conflicts between the Company and society. Social impact assessment will be conducted, with preparation respectively arranged according to the risk identified. Emphasis is given to community investment. There is a management mechanisms to address grievances on social impacts, coupled with a guidance on mitigation.

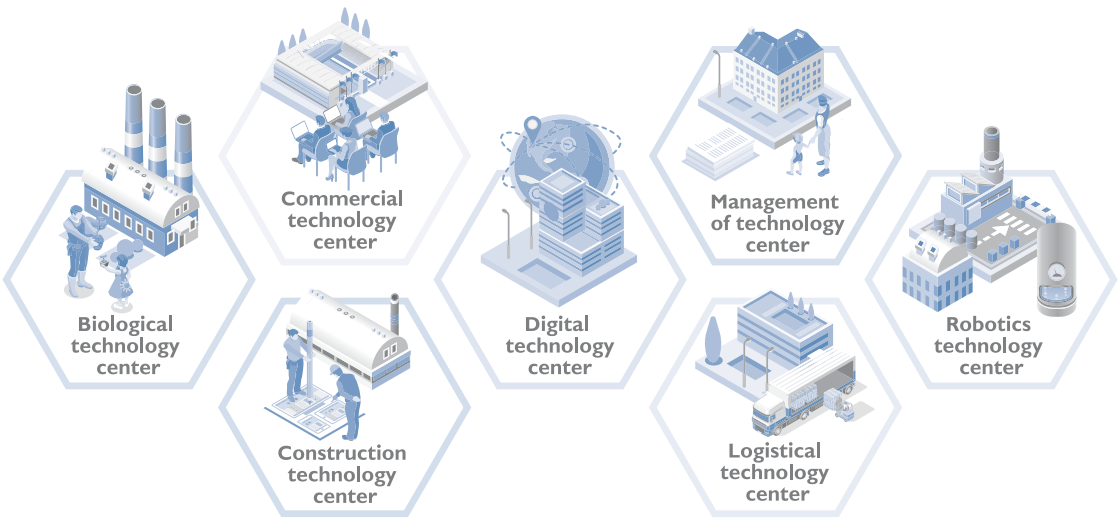
In 2018, the Company has proceeded activities by stipulating policies and strategies to support and improve its operations to achieve the goal of being an enterprise with sustainable business conduct. The Company has operated its business in line with the development framework to achieve its sustainable goal. Such commitment has been reflected through all work process, aiming to create long-term sustainability and maximum value and benefits for all stakeholder groups as summarized below:

Corporate Governance: The Company has reviewed and formulated additional policies to cover significant matters which impact on good governance operation, namely, the Anti-Corruption Policy, the Anti-Money Laundering Policy, the Personal Data Protection Policy, Personal Data Protection Practices and the Safety, Occupational Health and Working Environment Policy.

With broader coverage and more conciseness, such policies has been communicated to both employees and external related parties such as business partners, to be acknowledged and gain understanding. The Company believes that employees are crucial part of good corporate governance operation. The Company has communicated the policies through internal letter, training, online test and other internal media.

Human Resources: The Company has defined operational strategies on human resources under the concept "Recruit - Retain - Retire" to set a direction starting from Recruitment process, by defining needed qualifications of human resources, cultivating through educational works, and building motivation in joining the Company; Retaining, by developing and establishing relationship with good and competent human resources to retain those talents, by actions with respect to labor and human rights, taking care of employee's safety, occupational health and good quality of living, building engagement with the Company's personnel, and, with a recognition on significance of developing all personnel to gain knowledge and understanding on business operation based on social and environmental responsibility, providing staff at Section Manager level and above, totaling 5,432 people, with trainings on sustainability as well as incorporating such sustainability course into the On-Boarding session for newcomers and store business partners; and Retirement, by preparing and taking care of employees' living conditions after their retirement from the Company, and educating on legal rights and benefits the eligible retired personnel would receive from the Company as to reward their trust and perseverance, physical and mental, they put in the Company. Performance of which the Company is utterly proud came from three major projects, namely, the Performance Evaluation System Improvement Project, the Career Path System Improvement Project and the Rewarding and Recognition System Project. The level of employees' satisfaction and engagement towards the Company, surveyed among 74% of all employees, has increased to 82% in 2018.

Product Development and Innovation: To keep up with the world's changes, the Company, by the Science Technology and Innovation Development Office (STIDO), is responsible for the strategy on developing product and service innovation. Thus, the Company's performance efficiency has been improved through seven technology center. The achievement in 2018 which starts showing results came from three dimensions as follow:



Product Development:The Company is committed to promoting good quality of living in the society through developing and selecting products and raw material which are safe and nutrient through the Meal for Care Project. The project aims to develop healthcare and general consuming products to gain higher nutrition.

Service Development:The Company has undertaken the "Eat Well, Live well and Be Happy" Project by arranging healthcare products to be more outstanding, public relations to create awareness in the society and introducing more product choices consistently. Besides, the Company has given significance on self-developing towards e-commerce. It is evident that 24Shopping is made available through website and mobile application.

Work Efficiency Improvement:The Company has adopted the concept of the Internet of Things to by applying to collect data and analyze the functioning of store equipment. The alert helps remind proper time for maintenance, to prevent the equipment from being deteriorated before time and to prolong its usage life. This helps reduce electronics waste and that from rotten food due to the deterioration of store equipment. Additionally, the application which helps count store's inventory, analyze and calculate goods entrance and distribution has been adopted. This helps reduce food waste from rotten goods as well as reduce staff's effort and time at stores. The Company has a future plan to adopt such technology in full scale.

Social Value Creation: By studying concerns and recommendations from stakeholders, the Company has developed a project using its strength in retail channels, to help the society at large. The Company has promoted the business of farmers and small-enterprise business partners as follows:

The Farmer's Goods Promotion Project, by providing additional sales channels via 7-Eleven stores and 24Shopping online channels for projects such as Golden Banana Project and Seasonal Fruit Project (longan and melon), etc. Moreover, the Learning and Career for Sustainable Agriculture Project, operated by CPRAM Company Limited, is one of the sustainability projects. The project aims to educate on plantation in compliance with Good Agricultural Practices (GAP) and purchase farmers' produce at a fair price. Successful crops derived from the career promotion of holy basil plantation. Meanwhile, Café MuanChon - coffee for the society and sustainability, conducted by CP Retailink Company Limited. The project comprises the Coffee Creates Career Project (under the collaboration of governmental sector), Red Roof Café, and One Baht One Cup Project, which aims to provide education on plantation and processing coffee seeds, provide people in Nan Province with tools for conducting their career, purchase coffee seeds at a fair price, provide cured psychiatric patients who pass basic criteria with opportunity to intern and work at Café MuanChon, and deduct one baht from every cup purchased to donate for benefits of the society.

Environmental Conservation

The Company has continually operated its business in accordance with the 7-Go-Green Strategy, which can be divided into four directions, to fit with the context of each operation unit. Operations with good effects are, namely, Green Stores for mainly branch stores, Green Logistics for distribution, Green Packaging for package and Green Living for changing towards ethical consumer behavior. Outstanding achievement in 2018, apart from the decrease in energy consumption, came from operating the project aiming to reduce waste from single-use plastics, especially, plastic bags. For instance, the "Reducing a Bag a Day, You Can Do It" Project helps reduce the use of plastic bags. Every plastic bag refused worth 0.20 Baht. Such amount was calculated for donation to buy medical equipment to the Navamindrapobitr 84th Anniversary Building, likewise, the campaign "Kao Kon La Kao" (or Take One Step Each) fundraising run led by Mr. Artiwara Kongmalai or Toon Bodyslam. 67.75 million plastic bags have been reduced and the amount of Baht 13.55 million was donated to Siriraj Hospital. Moreover, other projects such as the Cloth Bag Lending Project, together with campaigns to reduce the use of plastic bags conducted in collaboration with external bodies, for example, Mahidol University, Chulalongkorn University, Thammasat University and Hospital for Tropical Diseases, helps reduce 85.96 million plastic bags in total in 2018.

Gaining Acceptance and Developing Community

In addition to creating value to the society at large, the Company has given importance on communities in which its business has been operated. Because community residents are the Company's neighbors, customers and strategic business partners, the Company is committed to conducting business with care towards their concerns, recommendations and expectation throughout the whole process of business operation. The Company has emphasized on developing the economy of the community, harmoniously with improving the quality of environment and people's living conditions within the community to sustainably build trust and create shared value towards the community, according to the Company's philosophy "Jointly Create and Share Opportunities to All People" through the community and society responsibility business conduct guidelines, in line with the Company's business strategy and direction. Therefore, stipulating the policy on Community and Society Responsibility and Defining the strategy and direction gearing towards community sustainable development through the Community Support Center (CSC) under three main themes namely 1) Providing local jobs: To promote jobs in local communities in which the Company has operated through the campaign "Hiring Local Suppliers and Labor" for store construction, making the community members proud of their own work piece achievement. Besides, the Company has employed local people to do jobs at 7-Eleven stores throughout Thailand. Furthermore, elderly people in the community have been employed to facilitate customers when parking and helping clients when needed, in addition, the Local Product Project: The Company has promoted the community products through special distribution channels, by selecting the province's famous products which must pass basic criteria, selecting branch stores, totaling five branches, as a trial for product selling, and providing sales support by shelf arrangement in the store together with advertising posters. For qualified products which pass the Company's criteria, the Company will provide support by expand their sales channels further to province-wide, region-wide and country-wide store branches along the normal process. This helps create jobs and income for the community members. 2) Providing educational support in the community through the project called "1 Branch, 1 Educational Fund". With a strong belief that the community will develop if members are provided with opportunity to learn, the Company has granted educational fund to Thai youths through 7-Eleven stores in the communities, to study at the Vocational Certificate and Diploma Vocational Certificate levels at Panyapiwat Technological College, Panyapiwat Learning Center and other private colleges of vocational education in the network. 3) Public Awareness Activities: through numerous projects of community and society development, and setting branch stores having suitable area and distribution center as knowledge exchange centers for the community and governmental organizations.

MEMBER OF

Dow Jones
Sustainability Indices

In Collaboration with RobecoSAM

The Company's achievement in sustainability is the nomination as a member of the Dow Jones Sustainability Indices, both in the DJSI World and the DJSI Emerging Markets, Food & Staples Retailing Sector, for the year 2018. CPALL is the sole Thai company listed in this sector. Outstanding strong points which contribute to the success as being listed are the Company's quality in customer relationship management, packaging, and operations on human rights. The Company is also selected as a member of the FTSE4Good, Emerging Markets index. The index is ranked by FTSE Russell. The Company's corporate governance as well as society and environment responsibility have been taken into consideration.

FTSE4Good

THSI
THAILAND
SUSTAINABILITY
INVESTMENT 2017

Furthermore, the Company was awarded as a member of Thailand Sustainability Investment (THIS) by the Stock Exchange of Thailand. Performance in the economic, social and Environmental dimensions have been taken into account. Both awards received have been a pride of the Company. They also act as the Company's moral support, making a firm belief that the direction on which the Company has conducted is the right path, and this path would definitely lead to the Company's sustainable growth.

Investors can see the detailed information in the CPALL's 2018 Sustainable Report.

Anti-Corruption

Anti-Corruption

The Board of Director recognizes and highlights the importance of good corporate governance by providing support to the Company in joining the declaration of intent and becoming a certified member of the Collective Action Coalition Against Corruption (CAC); and, a member of the United Nations Global Compact (UNGC). The Board of Directors approves the resolution of the Anti-Corruption Policy and practices on Anti-Corruption, No Gift Policy, Entertainment Expenses, Sponsorship and Donation. The Company has regulated that all directors, executives and employees must comply with the Anti-Corruption Measure, by having no direct nor indirect involvement in any corruption matters. They shall not be indifferent nor ignore any corruption cases arisen in the Company. To provide knowledge and understanding on the Anti-Corruption Measure, the Company has educated on anti-corruption via communication, public relation and trainings. Disciplinary punishment has been communicated to the Company's directors, executives and employees. In addition, orientation has been arranged for new employees to be acknowledged on such policy and practices. The Company has also set the guidelines of monitoring and evaluating performance in compliance with the Anti-Corruption Policy.

Apart from the various measures to prevent corruption that can reduce the chance for acts of fraudulence and corruption, the Company has also established other measures to check for instances of fraud and corruption together with immediately submitting information of any possible acts of corruption. Thus, the Company has established various channels of communications, so that Stakeholders and any other involved parties including members of the Management and Staff can have the opportunity to submit any complaints and confidential information about any acts of alleged fraud or corruption and also in the event of not having received equitable treatment. The information or complaints can be submitted to the Company through these channels of communications :

1. By email sent directly to any of the following parties;
   - Audit Committee : AuditCommittee@cpall.co.th
   - Sustainability and Corporate Governance Committee : CGcommittee@cpall.co.th
   - Board of Directors : BOD@cpall.co.th
2. By letter addressed to
   The Internal Audit Office of CP ALL Public Company Limited
   119, Floor 16, Tara Sathon, Soi Sathon 5, South Sathon Rd.,
   Thung Mahamaek, Sathon, Bangkok 10120
3. Via the Company's Call Center
   Telephone 0-2826-7744 and 0-2071-2770;
   Fax 0-2071-8623
4. www.cpall.co.th icon "Report Fraud"

CPALL's Implementation in Accordance with Preventive Anti-corruption Policy

The Company has stipulated anti-corruption policy and practices for the management and employees to strictly uphold. Roles and responsibilities of the Risk Management Department have been defined as follows:

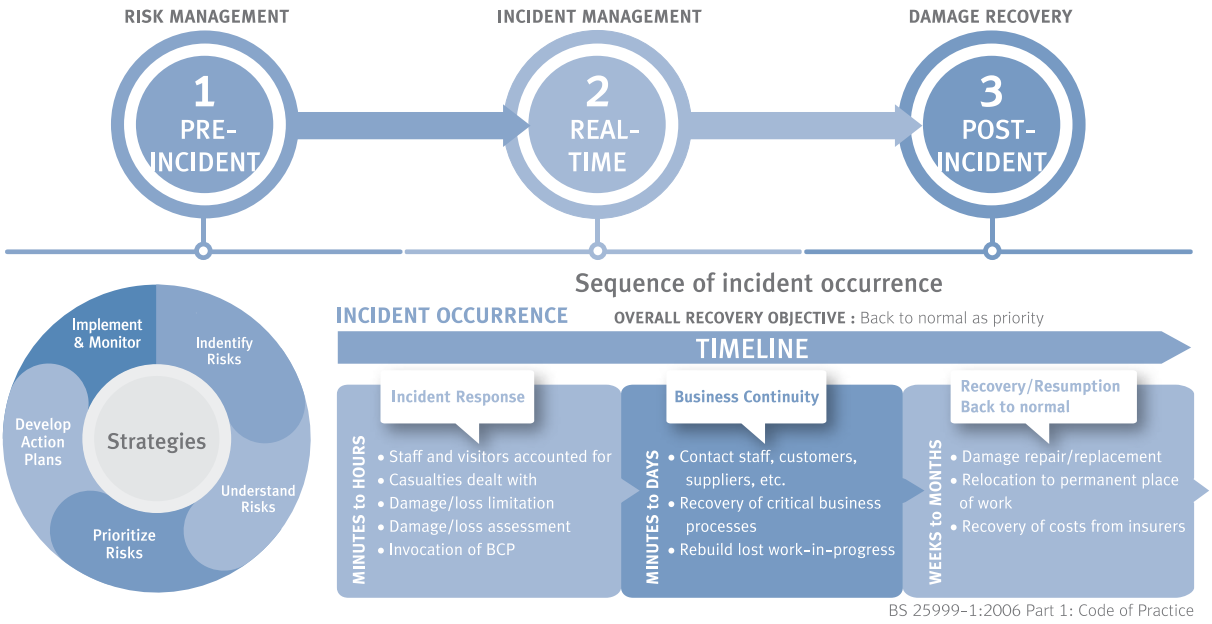
1. Coordinate and give recommendations on work process and other matters related to anti-corruption
2. Give advices to the executives on assessing anti-corruption risks and collect such risk outcomes to further develop the corporate anti-corruption risk documents
3. Present data on the occurrence of corruption-related risks at the corporate level or when new emerging risks have arisen
4. Monitor each unit to gain sufficient prevention and management against corruption risks as well as acknowledge significant corruption risk events to efficiently handle on a timely basis.

The Company has provided the executives and employees with training to emphasize and cultivate the awareness of corruption-prone actions. Indicator analysis and corruption risk assessment have been conducted on a regular basis. The corruption risk, as one of the mandatory risks, must be assessed and monitored by every business unit in the Group to quarterly review the control measures to keep up with the change. The Risk Management Department has monitored and summarized the Company's revision of corporate risk management. The Department also coordinates with the Internal Audit Office to review and evaluate the risk management outcomes as practice guidelines for employees in preventing corruption from occurring. Furthermore, the Company has provided whistleblower channels. The Internal Audit Office has assessed and monitored good corporate governance, conformance to the Code of Conduct and Anti-corruption Policy every time when being audited.

The Company's Risk Management

Under the supervision of the Audit Committee, Audit Office, Risk Management Function, and Corporate Governance Function, the scope of risk and crisis management has been expanded. Relevant corporate sustainability issues have been incorporated as additional risk factors, achieved through the participation of both Risk Managers and Risk Champions of all functions.

Risk and crisis management procedures for business continuity and sustainability have been embedded into regular business operations and tailored to suit all internal corporate functions. Our Risk Culture, which adopts a working framework designed for both top-down and bottom-up approaches, encourages engagement at all levels and ensures that risk management plans and measures are practical and effective. The working framework comprises of 3 key steps: Pre-incident risk management, real-time incident management, and post-incident damage recovery, as reflected in the diagram below:



BS 25999-1:2006 Part 1: Code of Practice

Risks identified either by function representatives or Risk Champions, and those assessed through other channels, will be reported to the Risk Manager for a joint review of specific plans and measures, and prevention of business disruption. The mitigation and prevention plans will be cascaded to the Risk Committee and Audit Committee for reviewing every quarter and half a year, respectively. Emergency cases can be immediately reported before the regular reporting period.

Internal Control and Risk Management

Internal Control and Risk Management

The Company is fully aware that internal control is one of the most important processes and that good internal control will ensure that the Company's operation system is correct, transparent and verifiable and can reduce or prevent possible damages. The Company has continuously developed its internal control system to be effective and efficient so that shareholders are confident in the Company's internal control system. The Board of Directors has appointed the Audit Committee, consisting of 3 independent directors with all qualifications according to the requirements of the Notification of the Capital Market Supervisory Board and the Notification of the Stock Exchange of Thailand, to review the Company's financial reports to ensure accuracy and reliability. In addition, the Audit Committee reviews the connected transactions or the transactions that may lead to conflicts of interest to ensure that they are reasonable and for the highest benefit of the Company; reviews the adequacy of the Company's risk management, internal control and internal audit systems; and reviews the Company's compliance with the law on securities and exchange and the laws relating to the Company's business.

The Audit Committee has assigned the Company's Internal Audit Office, which is independent from management, to be responsible for auditing and reviewing the performance of various departments in the Company and its subsidiaries to ensure that they have complied with the Company's internal control system. The Audit Committee evaluates the adequacy and appropriateness of the Company's overall internal control system which includes:

1. Control Environment

The Company promotes and supports a good internal control environment. The Company has established written policies related to corporate governance and business ethics which have been communicated to employees at all levels for their information and strict compliance. There is also a penal code for violations. The organizational structure has been set to correspond with the business plan and is regularly adjusted to be appropriate with operations. The lines of command are divided according to different fields corresponding to operation strategies and corporate governance. This ensures that management and employee performance is effective and can be clearly monitored, inspected and evaluated. The Internal Audit Office, which is independent and reports directly to the Audit Committee, is responsible for examining and verifying performance, supporting a good internal control environment. In addition, the Company recognizes the importance of continuous human resource development and provides trainings in order to enhance knowledge and skills required for the assigned task. Furthermore, the succession plan is established in order to ensure business continuity.

2. Risk Assessment

The Company has set up a good risk management system throughout the organization. The Risk Management Committee is responsible for establishing the policy framework in order to managing the risks that impact the Company's business objectives, comprising of corporate risk management, operational risk management as well as communicating to employee. Risk Champion is assigned in each unit in order to give advice and support risk assessment within their own unit. Every unit assesses risk factors in various areas, impacts, possibility of occurrence, and risk management plan in line with changes in internal and external risks including corruption risk. Monitoring and action plan are employed to manage risk consistently. Key Risk Indicator (KRI) is also set as a warning tool. Consequently, each unit also determines clear measures to manage risks at acceptable levels; as well as manages existing risks promptly and effectively. The Company has established a Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) to prepare for risks and crises which may occur to ensure that the Company's major operations will have continuity and not be halted. The work performed by the Risk Management Committee is reported to the Audit Committee and the Board of Directors every 6 months. The Internal Audit Office also monitors whether various units have followed the risk management measures in order to ensure that the Company's risks are at acceptable and manageable levels.

3. Control Activities

The Company has clear and appropriate control activities. KPIs assist in planning and control. The Business Ethics and Code of Conduct and the Company's corporate governance policy provide guidelines for performance of duties. All employees are made aware of the Code of Conduct since the orientation for new employees. The Company has clearly defined the duties and responsibilities of various work functions. Correctness can be cross-checked to reduce risks in corruption or inappropriate

actions. The authority and approval limit of various types of transactions of executives are clearly written in the "Authority Handbook". Furthermore, the IT system classifies the roles as well as control and access to information at various levels. The IT system has set access codes and an information database which can be later retrieved for verification. The policy regarding information security and information system has been announced and disseminated among employees at all levels to be aware of and strictly comply with information security. Procedures regarding connected transactions and the transactions that may lead to conflicts of interest are clearly stated to ensure transparency and the greatest benefits of the Company. The Internal Audit Office regularly reviews the adequacy and appropriateness of the control system, with the audit plan also covering important work processes.

4. Information and Communication

The Company recognizes the significance of information systems and communication. There are both internal and external communication channels to ensure that the decision-making of the Company's shareholders, stakeholders, directors, and executives are based on information that is correct, adequate, reliable and up-to-date. Important and general information is disclosed in the annual report and Form 56-1 through the Company's website www.cpall.co.th and the Stock Exchange of Thailand. The Company's has the disclosure policy and guidelines on disclosure of inside information. The Company's policies, regulations, announcements and important news are clearly communicated to all employees via various channels. In addition, safe compliant communication channel is available, which the complaint's investigation guidelines are clearly established and will take action in a timely manner. Complaints can be filed through company's website or direct to Audit Committee at AuditCommittee@cpall.co.th or other channels as stated in the Annual Report under Anti-Corruption Policy in the Corporate Governance Section. With regards to the Board of Directors Meeting, the Company will send the invitation to the meeting, agenda, and related meeting documents which provide important, necessary, and adequate information to make a decision in advance within the regulated time period so that directors have sufficient time to consider the information before attending the meeting. Meantime, the Company secretary is assigned to be a coordinator between the Company and Board of Directors, as well as convene the Board of Directors meeting without the Company's executives. The minutes of the Board of Directors Meeting is prepared for every meeting, recording the inquiries of directors and the opinions or observations of directors for each agenda item. Moreover, the Company has an information database that can be used for the Company's business operations. All documents are stored by category, especially financial documents which are essential in preparing financial reports. In addition, the Company has a clear policy regarding information control in terms of access and improper use of information, which is in line with the Computer Related Crime Act.

5. Monitoring

The Company has regulated that each unit must be responsible for overseeing and checking its own work process to ensure the efficiency and compliance with the policy, regulation and standard operating procedures. The Company has effective internal control system and monitored employee's achievement towards their set goals using the Key Performance Indicator (KPI) on the ALL Perform system to build motivation when performance deviates from plans or criteria as set. Furthermore, the Company regularly analyses the root cause of such underperformance. The Internal Audit Office, an independent unit, audits and reviews their performance in compliance with the internal control system, risk management system, corporate governance system, the Code of Conduct and the Anti-Corruption Measure, according to the audit plan; and, monitored that corrective actions have been made by the audited units to remedy all matters being audited. The Company has a policy stipulating that cases of corruption, violation or serious misconduct must be immediately reported to the Board of Director. The Audit Committee presents the committee's performance to the Board of Director on a quarterly basis. Besides, the Audit Committee arranges meetings with the external auditor to assess the adequacy and effectiveness of the internal control system.

In 2018, the Audit Committee had the same opinion with the external auditor that there was no material weakness in the internal control system. The Company has a sufficient and appropriate internal control system for its business and all units complied with the procedures and regulations. No material weakness was found in the internal control system.

Related Transactions

Related Transactions

In 2018, CPALL and its subsidiaries conducted transactions with connected parties, which the Audit Committee has reviewed and approved the rationale for connected transactions as details below.

Connected transactions for normal business transactions or supporting normal business transaction were engaged in the normal course of business and complied with Rules on Connected Transactions by virtue of Section 89/12(1) of the Securities and Exchange Act (No.4) B.E. 2551. The Board of Directors has approved in the Board of Directors Meeting No.1/2010 held on 18 February 2010.

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2018	Outstanding Value as at 31 Dec 2018
C.P.tower Growth Leasehold Property Fund	Majority share held by the CP Group	Other expenses	158	
		Other accounts payable		1
K.S.P. Equipment Company Limited	Majority share held by the CP Group and have one common Director who is Mr. Prasert Jarupanich	Revenue from sales of goods	1	
Charoen Pokphan Group Company Limited	Mr. Dhanin Chearavanont and close relatives as the major shareholders and have two common Directors who are Mr. Dhanin Chearavanont and Mr. Soopakij Chearavanont	Revenue from sale of goods and rendering of services and other income	14	
		Other expenses	22	
		trade accounts receivable		3
Chia Tai Group Company Limited	Mr. Dhanin Chearavanont and close relatives as the major shareholders	Revenue from rendering of services	2	
		trade accounts receivable		3
Charoen Pokphand Produce Co., Ltd.	Majority share held by the CP Group	Revenue from sale of goods and rendering of services	2	
		trade accounts receivable		1
Charoen Pokphand Engineering Co., Ltd.	the CP Group and Mr. Dhanin Chearavanont and close relatives as the major shareholders	Other expenses	2	
Charoen Pokphand Foods Public Company Limited	Majority share held by the CP Group and have three common Directors who are Mr. Dhanin Chearavanont and Mr. Adirek Sripratak and Pol. Gen. Phatcharavat Wongsuwan	Revenue from sale of goods and rendering of services and other income	44	
		Cost of sales of goods	351	
		Trade and other accounts receivable		6
		Trade accounts payable		41
Charoen Pokphand Enterprise Co., Ltd.	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	6	
Chia Tai Produce Company Limited	Mr. Dhanin Chearavanont and close relatives as the major shareholders	Cost of sales of goods	4	
		Trade and other account payable		1
Chester Food Co., Ltd.	Majority share held by the CP Group	Revenue from sale of goods and rendering of services	12	
		Trade and other accounts receivable		3
		Trade accounts payable		8

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2018	Outstanding Value as at 31 Dec 2018
C.P. Consumer Products Co., Ltd.	Majority share held by the CP Group and have one common Director who is Mr. Prasert Jarupanich	Revenue from rendering of services and other income	117	
		Cost of sales of goods	1,028	
		Trade and other accounts receivable		16
		Trade accounts payable		182
C.P. Trading Group Co., Ltd	Mr. Dhanin Chearavanont and close relatives as the major shareholders	Trade accounts payable		6
C.P. Facility Management Company Limited	Majority share held by the CP Group	Other expenses	15	
		Other accounts payable		2
C.P. Food Store Company Limited	Mr. Dhanin Chearavanont and his son are major shareholders	Revenue from rendering of services and other income	74	
		Cost of sales of goods and services and other expenses	1,092	
		Other accounts receivable		4
		Trade and other accounts payable		171
C.P. Merchandising Company Limited	Majority share held by the CP Group and have one common Director who is Mr. Adirek Sripratak. In addition, Mrs. Arunee Watcharananan, who is Mr. Adirek Sripratak's younger sister is a common Director.	Revenue from sale of goods and rendering of services	279	
		Cost of sales of goods and other expenses	137	
		Trade and other accounts receivable		14
		Trade accounts payable		6
C.P. land Public Company Limited	Majority share held by the CP Group and have one common Director who is Mr. Dhanin Chearavanont	Revenue from sale of goods and rendering of services and other income	42	
		Cost of services and other expenses	5	
		Trade and other accounts receivable		5
C.P Intertrade Co., Ltd.	Mr. Dhanin Chearavanont and his son are major shareholders	Revenue from sale of goods and rendering of services	2	
		Other expenses	3	
		Other accounts payable		1
C.P. Packaging Industry Co., Ltd.	The CP Group and Mr. Dhanin Chearavanont and close relatives as the major shareholders	Revenue from sale of goods and rendering of services and other income	5	
		Cost of sales of goods	712	
		Trade and other accounts receivable		1
		Trade accounts payable		198

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2018	Outstanding Value as at 31 Dec 2018
CP B&F (Thailand) Company Limited	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	112	
		Other expenses	2	
		Trade and other accounts receivable		57
		Trade accounts payable		6
CP B&F Trading Company Limited	Majority share held by the CP Group	Other income	22	
		Other accounts receivable		6
		Other accounts payable		132
CP Medical Center Company Limited	Mr. Dhanin Chearavanont and close relatives as the major shareholders	Revenue from sale of goods and rendering of services	3	
		Trade accounts receivable		3
CP-Meiji Co., Ltd.	Majority share held by the CP Group and have one common Director who is Mr. Adirek Sripratak	Revenue from sale of goods and rendering of services and other income	86	
		Cost of sales of goods and other expenses	3,469	
		Trade and other accounts receivable		11
		Trade and other accounts payable		603
CPF It Center Co., Ltd.	Majority share held by the CP Group	Revenue from rendering of services	43	
		Trade accounts receivable		34
CPF (Thailand) Public Company Limited	Majority share held by the CP Group and have one common Director who is Mr. Adirek Sripratak	Revenue from sale of goods and rendering of services and other income	308	
		Cost of sales of goods	9,059	
		Trade and other accounts receivable		26
		Trade and other accounts payable		1,488
CPF Trading Co., Ltd.	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	184	
		Cost of sales of goods and other expenses	6,539	
		Trade and other accounts receivable		10
		Trade and other accounts payable		556

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2018	Outstanding Value as at 31 Dec 2018
CPF Food And Beverage Company Limited	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	89	
		Cost of sales of goods and other expenses	4,665	
		Trade and other accounts receivable		21
		Trade accounts payable		1,899
CPF Restaurant And Food Chain Company Limited	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	52	
		Cost of sales of goods and other expenses	6	
		Trade and other accounts receivable		11
		Trade and other accounts payable		75
Sendit (Thailand) Company Limited	Majority share indirectly held by the CP Group	Other expenses	18	
		Trade accounts payable		6
Dees Supreme Company Limited	Mr. Dhanin Chearavanont's son is major shareholders	Revenue from rendering of services and other income	3	
		Cost of sales of goods and other expenses	411	
		Trade accounts payable		158
True Corporation Public Company Limited	Majority share held by the CP Group and have four common Directors who are Mr. Dhanin Chearavanont, Mr. Soopakij Chearavanont, Mr. Umroong Sanphasitvong and Mr. Narong Chearavanont	Revenue from sale of goods and rendering of services	11	
		Trade and other accounts receivable		2
True Gs Co., Ltd.	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	1	
		Cost of sales of goods	2	
		Trade accounts payable		1
True Digital & Media Platform Company Limited	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	269	
		Trade and other accounts receivable		31

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2018	Outstanding Value as at 31 Dec 2018
True Distribution & Sales Co., Ltd.	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	67	
		Cost of sales of goods and other expenses	2,086	
		Trade and other accounts receivable		28
		Trade and other accounts payable		491
True Touch Company Limited	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	2	
		Other expenses	1	
		Trade and other accounts receivable		1
True Properties Co., Ltd.	Majority share held by the CP Group and have one common Director who is Mr. Umroong Sanphasitvong	Revenue from sale of goods and rendering of services	7	
		Trade receivable		2
True Money Company Limited	Majority share held by the CP Group and Mr. Dhanin Chearavanont's son as the major shareholder	Revenue from rendering of services and other income	630	
		Cost of sales of goods and other expenses	15,876	
		Trade and other accounts receivable		107
		Trade and other accounts payable		1,416
True Media Solutions Co., Ltd.	Majority share held by the CP Group and have one common Director who is Mr. Soopakij Chearavanont	Other expenses	61	
True Move Company Limited	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	14	
		Trade and other accounts receivable		28
True Move H Universal Communication Co., Ltd.	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	428	
		Cost of rendering of services and other expenses	17	
		Trade and other accounts receivable		467
		Trade and other accounts payable		6
True United Football Club Co., Ltd.	Majority share held by the CP Group	Other expenses	20	

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2018	Outstanding Value as at 31 Dec 2018
True Leasing Co., Ltd.	Majority share held by the CP Group and Mr. Dhanin Chearavanont's son	Cost of sales of goods and serices and other expenses	59	
		Trade and other accounts receivable		10
True Lifestyle Retail Company Limited	Majority share held by the CP Group and Mr. Dhanin Chearavanont's son	Revenue from sale of goods and rendering of services and other income	22	
		Trade and other accounts receivable		3
True Visions Group Co., Ltd.	Majority share held by the CP Group and have two common Directors who are Mr. Soopakij Chearavanont and Mr. Narong Chearavanont	Revenue from rendering of services and other income	3	
		Trade and other accounts receivable		1
		Trade accounts payable		5
True Internet Corporation Co., Ltd.	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	-2	
		Cost of sales of goods and rendering of services and other expenses	245	
		Trade and other accounts receivable		19
		Trade and other accounts payable		39
True Internet Data Center Company Limited	Majority share held by the CP Group, Mr. Dhanin Chearavanont and his son	Cost of rendering of services and other expenses	35	
		Other accounts receivable		3
		Other accounts payable		3
True4u Station Company Limited	Majority share held by the CP Group	Other expenses	2	
Thai News Network (Inn) Co., Ltd.	Majority share held by the CP Group	Other expenses	4	
		Other accounts payable		1
Thai Kodama Company Limited	Majority share held by Mr. Dhanin Chearavanont's son	Other income	2	
BFKT (Thailand) Co., Ltd.	Majority share held by the CP Group	Revenue from rendering of services and other income	11	
		Trade and other accounts receivable		1
Bakehouse Company Limited	Majority share held by the CP Group and Mr. Dhanin Chearavanont's son	Revenue from sale of goods and rendering of services	5	
		Trade and other accounts receivable		1

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2018	Outstanding Value as at 31 Dec 2018
Leadership Development Charoen Polphand Group Co., Ltd.	Majority share held by the CP Group and have one common Director who is Mr. Dhanin Chearavanont	Revenue from sale of goods and rendering of services	10	
		Other expenses	54	
		Trade ccounts receivable		2
		Other accounts payable		13
Pantavanij Company Limited	Majority share held by the CP Group and Mr. Dhanin Chearavanont's son and have one common Director who is Mr. Umroong Sanphasitvong	Revenue from sale of goods	14	
		Cost of sales of goods	14	
		Trade accounts receivable		2
		Trade and other accounts payable		9
Perfect Companion Group Company Limited	Majority share held by the CP Group and have one common Director who is Mr. Prasert Jarupanich	Revenue from sale of goods and rendering of services and other income	76	
		Cost of sales of goods	1,030	
		Trade and other accounts receivable		9
		Trade accounts payable		212
Freewill Solutions Co., Ltd.	Majority share held by the CP Group and Mr. Dhanin Chearavanont's son and have one common Director who is Mr. Prasert Jarupanich	Acquisition of assets and other expenses	12	
		Other accounts payable		4
Pokphand Enterprise Co., Ltd.	Majority share held by the CP Group	Other expenses	7	
		Other accounts receivable		6
Magnolia Quality Development Corporation Co., Ltd.	Majority share held by Mr. Dhanin Chearavanont's son	Revenue from sale of goods and rendering of services	5	
		Trade accounts receivable		2
Real Move Co., Ltd.	Majority share held by the CP Group	Revenue from rendering of services and other income	878	
		Cost of rendering of services and other expenses	113	
		Trade and other accounts receivable		364
		Trade and other accounts payable		119
Y&O Company Limited	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	10	
		Trade and other accounts receivable		2
CPF Food Research & Development Center Company Limited	Majority share held by the CP Group	Revenue from sale of goods	2	

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2018	Outstanding Value as at 31 Dec 2018
Star Marketing Co., Ltd	Majority share held by the CP Group and have one common Director who is Mr. Prasert Jarupanich	Revenue from sale of goods and rendering of services and other income	10	
		Trade and other accounts receivable		10
Arber Acers Thailand Co., Ltd.	Majority share held by the CP Group and have two common Directors who are Mr. Dhanin Chearavanont and Mr. Adirek Sripratak	Revenue from sale of goods	2	
International Pet Food Company Limited	Majority share held by the CP Group	Revenue from sale of goods and other income	2	
		Cost of sales of goods	63	
		Trade and other accounts receivable		1
		Trade and other accounts payable		25
Egg Digital Company Limited	Majority share held by the CP Group and Mr. Dhanin Chearavanont's son	Revenue from sale of goods and rendering of services	1	
		Acquisition of asset and other expenses	39	
		Other accounts payable		27
SM True Co., Ltd.	Majority share held by the CP Group and have two common Directors who are Mr. Soopakij Chearavanont and Mr. Narong Chearavanont	Revenue from sale of goods and rendering of services and other income	7	
		Cost of sales of goods and other expenses	8	
		Trade accounts payable		35
Advance Pharma Co., Ltd.	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	10	
		Cost of sales of goods	8	
		Trade accounts receivable		1
Ascend Commerce Company Limited	Majority share held by the CP Group and Mr. Dhanin Chearavanont's son	Acquisition of asset and cost of sales of goods and other expenses	10	
C.P.Cambodia Co., Ltd.	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	1	
		Cost of sales of goods	27	
		Trade and other accounts payable		4
C.P.Vietnam Corporation	Majority share indirectly held by the CP Group and have one common Director who is Mr. Adirek Sripratak	Revenue from sale of goods and rendering of services	9	
		Cost of sales of goods	13	
		Trade accounts receivable		3

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2018	Outstanding Value as at 31 Dec 2018
Charoen Pokphand Foods Canada Inc.	Majority share indirectly held by the CP Group	Cost of sales of goods	32	
CP B&F (Cambodia) Co., Ltd.	Majority share indirectly held by the CP Group	Trade and other accounts receivable		5
CP Coffee Business Hong Kong Company Limited	Majority share indirectly held by the CP Group	Trade and other accounts receivable		14
CP Foods (Uk) Limited	Majority share indirectly held by the CP Group	Cost of sales of goods	10	
		Trade accounts payable		1
Others		Revenue from sale of goods and rendering of services and other income	5	
		Acquisition of assets, cost of sales of goods and other expenses	1	
		Trade and other accounts receivable		9
		Trade and other accounts payable		38

The Company's policy on the rates of revenue and expenses with connected parties are as follows:

Revenue from sale of goods : The rates are in line with normal business practice and general commercial conditions and standardized with revenue collection from general customers.

Revenue from rendering of services and other income : The rates are in line with normal business practice and general commercial conditions.

Cost of sales of goods and rendering of services : The rates are in line with normal business practice and general commercial conditions and standardized with purchases made general customers.

Cost of rendering of services and other expenses : The rates are in line with normal business practice and general commercial conditions.

Acquisition of assets : The rates are in line with normal business practice and general commercial conditions and standardized with acquisitions made with general customers.

In 2018, the Company and its subsidiaries did transactions with related parties which these inter-company transactions were made and agreed as a normal business transaction at general market prices and commercial terms. (Details are provided in Note 5 of the Company's financial statements for the year ended December 31, 2018). The Audit Committee has reviewed that all transactions were reasonable and transparent and complied with the rules and regulations under the Notification of the Stock Exchange of Thailand regarding Related Transactions of a Listed Company.

Procedures for the Approval of Related Transactions

In the case of transactions for the purchase and sale of goods and services under the ordinary course of business, the Company has procedures to protect investors and prevent the transfer of interests. The Internal Audit Unit reviews the necessity of inter-company transactions and ensures that the prices of the transactions for goods and services are at the prevailing market rates. The Internal Audit Unit provides reports of related transactions to the Audit Committee every month and the Audit Committee further reports to the Board of Directors every quarter.

In reference to transactions with possible conflicts of interests or related transactions, the Audit Committee will review and ensure that transactions comply with the regulations of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003 and the notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions. The Audit committee will comply with the Securities and Securities Exchange laws, regulations and announcement from the Stock Exchange of Thailand, as well as the disclosure rule of the connected transaction. The policy on conflicts of interests is clearly stated in the Company's Code of Business Ethics for the directors and employees to correctly follow. In addition, the Related Transactions Review Committee has been established to monitor that these transactions are in accordance with the notification of the Capital Market Supervisory Board.

In the case of the purchases and sales of important assets of the Company and its subsidiaries, which are transactions that occur infrequently, the Company has a policy to engage external independent experts such as professional appraisers and independent financial advisors to provide counsel to the Audit Committee for further proposal to the Board of Directors.

Policy on Related Transactions

The Board of Directors has a policy that clearly states that related transactions may occur under the ordinary course of business but these transactions must be necessary and have prices comparable to prevailing market rates for the best interests of the Company. There shall be no transfer of benefits between the Company and related companies or persons. As the Company and its subsidiaries operate a retail business and must purchase and sell goods and services with other companies as well as related companies, the Company expects related transactions for the purchase and sale of goods and services will still exist in line with the Company and its subsidiaries' business expansion. Other types of transactions will depend on business necessity. Short-term loans to related companies will depend on the short-term financial needs of the related companies and the Company's policy on cash flow management.

Head of Internal Audit Biography

Name Mr. Krisada Euapiyachart

Position Vice President-Internal Audit

Education

- Master Degree in Business Administration, Southeastern University, USA
- Graduate Diploma in Auditing, Chulalongkorn University
- Bachelor Degree in Law, Thammasat University
- Bachelor Degree in Accounting, The University of the Thai Chamber of Commerce

Experience

1988 - 2000 Deputy Manager, Internal Audit, Charoen Pokphand Group Co., Ltd.

Training by the Thai Institute of Directors Association (IOD)

2009 Company Secretary Program

2010 Audit Committee Program

2014 Anti-Corruption: The Practical Guide

Duties and Responsibilities of the Head of Internal Audit

1. Determine the structure and scope of responsibilities of the Internal Audit Office and manage general operations of the Internal Audit Office
2. Prepare the handbook and operating standards for internal auditors and monitor that the internal auditors have performed their duties according to the established standards
3. Formulate the annual audit plan which is considered and approved by the Audit Committee
4. Determine the annual budget and Key Performance Indicators for auditing
5. Review the Audit Program of each audit unit including performance of duties and information to ensure worthwhile use of resources and efficient and effective audit results
6. Verify the appropriateness of information storage systems and the existence of the Company's assets
7. Evaluate the reliability and correctness of accounting and financial information
8. Monitor that the operations of various departments comply with the policies, objectives and regulations of the Company and related laws
9. Review the audit results and follow up on performance results following the recommendations
10. Report the audit results to the executive team, the Audit Committee, and the Board of Directors
11. Select and develop internal auditors at all levels to be knowledgeable and skilled and evaluate the performance of internal auditors
12. Provide advice and recommendations on internal control systems and risks to various departments
13. Perform other special tasks as assigned by the executive team and the Audit Committee
14. Liaise with the executive team, the Audit Committee, the Company's auditor and advisors

Report of the Sustainability and Corporate Governance Committee

The Board of Directors' meeting on November 13, 2018 approved the increase in authority and responsibility of the Corporate Governance Committee, whereby the Committee would be henceforth entrusted with developing the Sustainability Policy and determining targets and guidelines to promote innovation, socially responsible operations, and establishing sustainability plans. The Corporate Governance Committee Charter was therefore revised to reflect these newly assigned responsibilities, and was renamed the Sustainability and Corporate Governance Committee ("the Committee").

The Sustainability and Corporate Governance Committee, appointed by the Board of Directors of CP ALL Public Company Limited, comprises four directors, three of which are independent directors: 1. Adjunct Prof. Prasobsook Boondechas, Chairman of the Sustainability and Corporate Governance Committee, 2. Pol. Gen. Phatcharavat Wongsuwan, member, 3. Mr. Padoong Techasarintr, member, and one executive director, Mr. Umroong Sanphasitvong. Mr. Supot Shitgasornpongse, Company Secretary, serves as the Secretary of the Sustainability and Corporate Governance Committee. In addition, the Corporate Governance Sub-Committee and Sustainable Development Sub-Committee is made up of representatives from the Company's various business units, and together serve as mechanisms for carrying out the assigned duties of the Committee. The Committee acts independently within the scope of its responsibilities, as stipulated in the Committee Charter.

In 2018, the Sustainability and Corporate Governance Committee held a total of four meetings. All four meetings were attended by Adjunct Prof. Prasobsook Boondechas, Mr. Padoong Techasarintr, and Mr. Umroong Sanphasitvong; Pol. Gen. Phatcharavat Wongsuwan attended three meetings. During each meeting, the Committee met with the Chairman of each of the Sub-Committees, executive management, and the Company's advisor, to report on company performance and provide suggestions. The performance of the Sustainability and Corporate Governance Committee is reported to the Board of Directors once every six months, and significant matters can be summarized as follows:

1. Appointment of the Sub-Committees, and Plans and Guidelines of the Sub-Committees

The Sustainability and Corporate Governance Committee appointed a new Corporate Governance Sub-Committee, as agreed and proposed by the Corporate Governance Sub-Committee, in order to create more flexibility for the Sub-Committee to perform its duties and ensure that its work covered all related business units. Additionally, the Committee agreed upon the Corporate Governance Sub-Committee's plan and implementation guidelines, and offered recommendations for increasing the efficiency of the Company's corporate governance implementation plan.

Furthermore, the Committee acknowledged plans to appoint a Sustainable Development Sub-Committee, which will oversee work on innovation promotion, social and environmental responsibility, and sustainability management.

2. Agreement on the Sustainability and Corporate Governance Committee Charter

The Sustainability and Corporate Governance Committee agreed on the revised Committee Charter, which was updated to reflect the additional authority and responsibilities for sustainability that were assigned to the Committee by the Board of Directors. The Committee deemed it fit to propose the revised Charter to the Board of Directors for their further consideration and approval.

3. Acknowledgement of the Progress on the Corporate Governance Plan of the Corporate Governance Sub-Committee, 2018

The Sustainability and Corporate Governance Committee acknowledged the progress of the corporate governance plan for 2018 developed by the Corporate Governance Sub-Committee, which included the implementation of the IT Governance Program, the Internal Controls System Development Program, Personal Data Protection Policy, and Grievances Management and Whistleblower Protection Guidelines, among others. The Committee also provided recommendations to increase the efficiency of plan implementation.

4. Acknowledgement of the Company's selection as a constituent of the FTSE4Good Index 2018

The Sustainability and Corporate Governance Committee acknowledged the selection of the Company as a constituent of the global index, FTSE4Good Index 2018, which assesses companies' performance on environment, social, and governance issues, where the Company was included in two index groups: FTSE4 Good Emerging Index and FTSE Good ASEAN 5 Index.

5. Acknowledgement of the Company's selection as a member of the Dow Jones Sustainability Indices (DJSI) and inclusion in the annual Thailand Sustainability Investment (THSI) list 2018

The Sustainability and Corporate Governance Committee acknowledged that the Company was selected as a member of the Dow Jones Sustainability Indices (DJSI) World Index for the first year, and was the only Thai company to be included in the Food & Staples Retailing Industry Sector for the DJSI 2018 assessment. The Company was also selected as a member of the DJSI Emerging Markets Index for the second consecutive year.

Furthermore, the Company was selected, following an assessment of the sustainability performance of listed companies by the Stock Exchange of Thailand, for inclusion in the annual Thailand Sustainability Investment (THSI) list for 2018.

6. Acknowledgement of the results of the Corporate Governance Report (CGR) for 2018

The Sustainability and Corporate Governance Committee acknowledged the Company's results on corporate governance as published in the Corporate Governance Report of Thai Listed Companies for 2018 by the Thai Institute of Directors (IOD), where the results were at the 'Very Good' level.

7. Acknowledgement of the Report on the Implementation of the Corporate Governance Policy and the Anti-Corruption Policy

The Sustainability and Corporate Governance Committee acknowledged the report on the implementation of the Corporate Governance Policy and Anti-Corruption Policy, which included the following matters:

- Report of CP ALL shares held by directors and management for each quarter in 2018
- Management of gifts and souvenirs valued at over Baht 3,000
- Communication and awareness-raising on corporate governance, and encouraging employees to adhere to corporate governance principles and the Anti-Corruption policy in their behaviors in 2018
- Seminars and trainings organized on the Corporate Governance and Anti-Corruption Policies, and participant knowledge evaluation
- Results of the CG Self-Assessment conducted by management at the office/department level concerning the issue of business ethics
- Grievances related to corporate governance and anti-corruption for each quarter in 2018
- A video competition showcase focused on promoting good governance and anti-corruption, and the results of the competition

8. Acknowledgement of the Assessment of the Sustainability and Corporate Governance Committee's Performance

The Sustainability and Corporate Governance Committee acknowledged its scores following an assessment of the Committee's 2018 performance. The scores revealed the Committee's performance to be at the 'Excellent' level of 90 percent, indicating that the Committee was able to fully execute its assigned tasks and responsibilities within the scope stipulated in the Charter.

The Sustainability and Corporate Governance Committee prioritizes corporate governance and responsibility for society, communities, and the environment as this ensures that Company will strictly adhere to the Corporate Governance Policy, the Business Ethics and Professional Conduct Handbook, and Anti-Corruption Policy and other related guidelines - in all of its operations. The Committee is committed to promoting and developing the organization for greater efficiency, while working upon the basis of transparency, ethics, and responsibility to all stakeholders.

On behalf of the Sustainability and Corporate Governance Committee

(Adjunct Prof. Prasobsook Boondech)
Chairman of the Sustainability and Corporate Governance Committee
January 18, 2019

Report of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee, appointed by the Board of Directors of the Company, comprises 3 directors, including 2 independent directors, namely Police General Phatcharavat Wongsuwan, Chairman of the Remuneration and Nomination Committee, and Mr. Padoong Techasarintr as member of the Remuneration and Nomination Committee, together with one non-executive director, namely Mr. Soopakij Chearavanont as member of the Remuneration and Nomination Committee. Mr. Suraphan Pussadej, Senior Assistant Chief Executive Officer-Human Resource is the Secretary of the Remuneration and Nomination Committee.

Remuneration and Nomination Committee performed duties with independency in accordance with its roles and responsibilities stipulated in the Charter of the Remuneration and Nomination Committee, as well as principles and good corporate governance guidelines provided by the Securities and Exchange Commission together with Stock Exchange of Thailand.

In 2018, the Remuneration and Nomination Committee held a total of 3 meetings. Police General Phatcharavat Wongsuwan and Mr. Padoong Techasarintr attended all meetings, while Mr. Soopakij Chearavanont attended 2 meetings. In addition, the Remuneration and Nomination Committee performance was summarized and reported to the Board of Directors in every 6 months can be summarized as follows:

1. Nomination of the Company's Directors

The Remuneration and Nomination Committee has considered the criteria and procedure in nominating individuals with qualifications appropriate to assume the director position. The consideration based upon competencies, experiences, knowledge and skills from diverse occupations, including the performance as director in the past. Meantime, only member of the committee who has no interests considered the appropriate nominees to recruit for the position of the directors in replacement of those whose term of office has come to an end, then proposing to the Board of Director Meeting and the Annual General Shareholders Meeting respectively. The Board of Directors approved the proposal and it was of the opinion that the Meeting of Shareholder for year 2018 should reelect the five nominees who retire by rotation to be directors of the Company for another term because those five nominees possess competencies, knowledge, and experiences that will be of advantages to the Company. In addition, the Remuneration and Nomination Committee provided minor shareholders with opportunities to nominate directors during September 25 to December 31, 2017 via the SET Community Portal system and disseminated such criteria and nomination form via the Company's website to inform shareholders in advance. However, no shareholders nominated any candidates for the nomination process in the Annual General Meeting of Shareholders 2018. The Board of Directors approved the proposal of the Remuneration and Nomination Committee on February 22, 2018, then the Annual General Shareholder Meeting approved to appoint five directors who retire by rotation to be directors of the Company for another term on April 20, 2018.

In addition, the Remuneration and Nomination Committee considered an eligible candidate with qualifications predetermined in the Company's criteria of independent director stipulated in the Charter of the Board of Directors. The shortlist candidate was proposed to the Board of Director Meeting to approve the appointment of independent director in order to replace the resigning independent director. The Board of Director Meeting approved as proposed and appointed the said independent director on February 22, 2018.

2. Determining the Remuneration for Directors and Senior Executives

The Nomination and Remuneration Committee has considered guidelines to determine the remuneration for directors and senior executives as well as methods and criteria of determining fair remuneration, evaluated the compensation of senior executives in line with their performance by hiring external experts as advisor providing information and giving suggestions for the Committee's consideration, and considered the suitability of Director's remuneration in 2018 by taking into account the following matters i.e. conformity with the market in the same industry, past performance, experiences, duties, role and responsibilities, including the business expansion, the Company's financial position and the operating results. The Nomination and Remuneration Committee propose

Director's remuneration in 2018 at the same rate as approved by the Annual General Shareholder Meeting for year 2017 to the Board of Director Meeting for consideration as appropriate before propose to the Annual General Shareholder Meeting for the approval respectively. The Annual General Shareholder Meeting for year 2018 was approved Director's remuneration in 2018 as proposed by the Board of Director of the Company on April 20, 2018.

The Nomination and Remuneration Committee has considered the 2018 monthly remuneration and gratuity of Chairman of the Executive Committee, and Managing Director and Chief Executive Officer by taking into account the following matters i.e. conformity with the leading company in large scale in Thailand as well as leading retail company in Asia. It is of the opinion that the remuneration should be in compliance with the Management Incentive Plan (MIP) as approved by the Company's Board of Director. Not only the above mention matters i.e. KPI and original goal of the outcome that taking into consideration for the special gratuity to members of the Executive Committee, but also the customer's satisfactory and return to shareholders were equipped. Furthermore, to determined the 2018 gratuity, the Nomination and Remuneration Committee were incorporated additional factor to MIP in relation to the criteria of member selection of DJSI in accordance with sustainability development context.

3. Assessment of the Remuneration and Nomination Committee's Performance

According to the Remuneration and Nomination Committee's Performance in 2018, in comparison with the Charter, it could be summarized that the Remuneration and Nomination Committee performed its duties effectively with 92% of total score and within the boundary as stipulated in the Charter.

The Remuneration and Nomination Committee has performed its duties as assigned by the Board prudently and cautiously in particular when considering the suitability of the candidates being proposed for the appointment as directors to ensure that such persons are knowledgeable, skillful, equipped with experiences useful to the Company's business operation and fully qualified under the Public Company Limited Act B.E. 2535, the Notification of the Stock Exchange of Thailand and the Announcement of the Capital Market Supervisory Board.

On behalf of the Remuneration and Nomination Committee

(Police General Phatcharavat Wongsuwan)
Chairman of the Remuneration and Nomination Committee
January 24, 2019

Report of the Audit Committee

The Company's Board of Directors appointed the Audit Committee consisting of the three independent non-executive directors who are knowledgeable and have experiences in various sectors such as legal affairs, organization management, financial accounting and taxes. The Audit Committee members have composition and qualifications according to the regulations of the Stock Exchange of Thailand, comprising of Mr. Padoong Techasarintr, Chairman of the Audit Committee, Mr. Pridi Boonyoung and Mrs. Nampung Wongsmith as members of the Audit Committee. Mr. Kidsada Euapiyachart, Vice President – Internal Audit is the secretary of the Audit Committee. During 2018, the Chairman of the Audit Committee was changed due to the resignation of Prof. Dr. Komain Bhatarabhirom which was effective on February 21, 2018. As a result, the Board of Director meeting number 2/2018 dated March 27, 2018 had a resolution to appoint Mr. Padoong Techasarintr as the Chairman of the Audit Committee, and Mrs. Nampung Wongsmith as a member of the Audit Committee.

The Audit Committee had performed the duty independently within the boundary of the roles and responsibilities as stated in the Audit Committee Charter with compliance to guidance on good practice of corporate governance from the Securities and Exchange Commission Thailand. This was to ensure that the Company's operations were carried out with transparency, honesty and fairness in accordance with the good corporate governance principles and for the best interest of the Shareholders. The Audit Committee received good cooperation from the Company's Management and both the Internal and External Auditors.

In 2018, the Audit Committee held a total of 12 meetings, Mr. Padoong Techasarintr and Mr. Pridi Boonyoung attended all meetings, while Mrs. Nampung Wongsmith attended 9 meetings. These meetings were held with the Internal Auditors and sometimes the External Auditors and the Management of the Financial Accounting Department and the Operations Departments were invited to attend some agenda for exchange of ideas and suggestions. The main topics of the meetings were summarized and reported to the Company's Board of Directors every three months. Important issues are summarized as follows:

1. Review the quarterly and annually consolidated financial statements of both the Company and its subsidiaries for the year 2018 in order to consider the financial reports, the disclosure of information in the notes to financial statements, special transactions and the critical projections. This was to ensure that the financial reports of the Company and its subsidiaries were duly prepared in conformity with the accounting standards currently enacted, with complete, sufficient and reliable disclosure of information. Moreover the Audit Committee had a meeting with the external auditors without the participation of the Company's management in order to have a discussion on the key agendas which were relevant to the review and audit of the financial reports, as well as the change of accounting standards and financial report standards. The external auditors reported that there were no significant problems pertaining to accounting and finance. They had freedom and received good cooperation while carried out their duties.

   The Audit Committee has the opinion that the mentioned financial reports were essentially correct according to the accounting standards with complete and sufficient disclosure of information and its notes as well as in time for the benefits of the shareholders and the users of the financial statements.

2. Reviewed and revised the adequacy and appropriateness of the internal control system of the Company and its subsidiaries to reasonably ensure sufficiency and appropriation of the internal control system of the Company's operations. This was considered from the monthly audit report of the Internal Auditors in order to assess the internal control system, risk management, and creditability of the financial reports. Monitoring and solving the material issues according to internal auditors and financial auditors' recommendation were made. In every year the Audit Committee has reviewed and approved annual plan which embedded the Company's business strategic direction and corporate risks, as well as sharing their experiences which worthwhile to the Company's internal control system leading to an ability to achieve the set objectives and goals.

   The Audit Committee had an opinion that the internal control system of the Company was efficient, appropriate and adequate for the business. Additionally, the Company's internal control system is independent and the audit plan is in line with business strategy and corporate risks.

3. Reviewed the appropriateness in dealing with the related transactions or the transactions which might cause conflict of interests; they were justifiable and yielded the highest benefits to the Company's operations and its shareholders. This included the observations for ensuring disclosure of information and operating in compliance with the announcements of the Securities and Exchange Commission and all the relevant laws. In addition, the Audit Committee instructed the Internal Auditors to emphasize reviewing the related transactions between the Company, its subsidiaries and the related parties and report those transactions to the Audit Committee meeting every month and to the Board of Directors meeting every quarter.

   The Audit Committee agreed that the related transactions or the transactions which might cause conflicts of interests were transparent, fair and generated the utmost benefits to the Company's operation and its shareholders. The same commercial conditions used with the external parties were applied. In addition, the complete and sufficient disclosure of information in accordance with the law and the regulations of the Securities and Exchange Commission was also observed.

4. The Audit Committee and the Management emphasized on the risk management. The Risk Management Committee was set up and had duty to assess the risks covering all aspects, both internal and external factors, and their possibility to happen and affect the businesses. The Risk Management Committee also established preventive measures in order to mitigate the possible impacts and keep them at the acceptable level, as well as the Key Risk Indicator (KRI) as an early warning system to track variation in several factors to the rapid change of the current situation. The summary report of the works of the Risk Management Committee was submitted to the Audit Committee and the Board of Directors every 6 months. Furthermore, the Internal Auditors were assigned to monitor and to inspect whether the risk mitigation guidelines were being followed. This was to ascertain that the Company's risks were kept at the acceptable and manageable level.

   The Audit Committee agreed that the risk management system of the Company was appropriate and sufficient for its operations. The assessment of risks, the management of risks and its progress monitoring as well as the revision of risks in order to respond to the current situation were regularly carried out.

5. The Audit Committee found that the Management had a clear approach in working according to the laws. The Compliance Unit was established in order to observe the operation in accordance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand, Revenue Code, and all the laws which are important and relevant to the Company's business including the Anti-Corruption Guideline. A staff has been designated to be directly responsible for this matter. According to the review, it was not found that the Company deliberately refrained from or significantly worked against the law, the procedures or regulations that are relevant to the Company's business.

6. The Audit Committee had conducted an annual review of their works and self-evaluation according to the proper guidelines. According to the evaluation result the Audit Committee effectively performed their duties in accordance with the scope of duties an responsibilities as stated in the Audit Committee Charter.

7. The Company's Board of Directors and Management were determined to manage the business by adhering to the good corporate governance principles, working in accordance with laws, regulations and the Company's code of ethic. This was to build confidence of the shareholders and the stakeholders. The Corporate Governance Committee was appointed to drive the governance process for more efficient and effective execution. The operating results will directly be reported to the Board of Directors. On the back of good corporate governance, CPALL was admitted to the Dow Jones Sustainability Index (DJSI) in the category of Food & Staples Retailing World index group for the first time and Emerging Markets for the second consecutive year. In addition to that, the Company was certified as Private Sector Collective Action Coalition Against Corruption Council ("CAC") Member Company and become a member of United Nations Global Compact (UNGC).

8. The Audit Committee reviewed the selection of the Auditors and expressed their opinion to the Board of Directors for further endorsement at the shareholders' meeting. It was approved at the shareholders' meeting the appointment of Mr. Charoen Phosamritlert, or Mr. Veerachai Ratanajaratkul, or Ms. Munchupa Singsuksawat of KPMG Phoomchai Audit Ltd. as the Company's external auditors for the year 2018 with the total fees of Baht 5,750,000.

In summary, the Audit Committee had an opinion that the Company's Board of Directors, the Executive Directors as well as the Management were determined to work in achieving the goals with professional quality. They have been giving the priority in working efficiently and effectively with transparency and accountability. The risk management, the policy of good corporate governance as well as the internal control systems were appropriate and circumspective.

January 24th, 2019

On behalf of the Audit Committee

(Mr. Padoong Techasarintr)

Chairman of the Audit Committee

Board of Directors' Statement of Responsibility for Financial Reports

The Board of Directors of CP ALL Public Company Limited strongly values the duties and responsibilities in accordance with good corporate governance principles. The Board of Directors is responsible for the separate and consolidated financial statement of the Company and its subsidiaries including financial information presented in the annual report and the annual financial statements for the year ended December 31, 2018, which are prepared according to Accounting Standards and Financial Reporting Standards as announced by Thailand Federation of Accounting Professions (FAP) and correspond with the Generally Accepted Accounting Standards of Thailand. The Board of Directors has selected and consistently followed an appropriate accounting policy. The aforementioned financial statements are prepared using careful judgment and the best estimation. In addition, important information is adequately disclosed in the notes to the financial statements. The financial statements have been examined by an independent external auditor and the auditor has expressed an unqualified opinion. Therefore, the financial statements accurately and transparently reflect the Company's financial status and operating performance in the past year and can be used for the benefit of shareholders and investors.

The Board of Directors has appointed the Audit Committee, which comprises of independent directors, to review the quality of the financial reports and to evaluate the internal control system, risk management system, and various systems to support effective financial documentation to ensure that accounting records are correct, complete, timely, adequate to protect its asset, as well as able to prevent fraud or materially irregular operations. The Audit Committee's opinion is presented in the Audit Committee's report which is a part of this annual report.

The Board of Directors believes that the effectiveness of the Company's overall internal control system is satisfactory and able to create credibility and reliability for the separate and consolidated financial statements of CP ALL Public Company Limited and its subsidiaries for the period ended December 31, 2018.

(Mr. Dhanin Chearavanont)
Chairman

(Mr. Korsak Chairasmisak)
Chairman of Executive Committee

Management Discussion and Analysis

Management Discussion and Analysis

Discussion and Analysis of Financial Position and Operating Results

Financial position and operating results of the Company reported in the consolidated financial statements were generated from 3 main businesses including 1) convenience store business in Thailand 2) other businesses in Thailand such as manufacturing and sale of ready-to-eat food and bakery products, bill payment service, and sale and maintenance of retail equipment, and 3) membership based Cash & Carry trade centers.

Retail Competitive Environment

In 2018, Thailand has faced economic challenges resulted, especially, from external factors such as export and tourism which started to show the sign of deceleration during the second half of the year as an effect from the trade war, the world's economic volatility, and the decreased number of tourists especially Chinese. Meanwhile, domestic purchasing power has gradually risen, partly resulted from the government's economic stimulus measures and investment, expanding towards communal grassroots through activities such as the "Amazing Thailand Go Local" campaign, the Welfare card, the "Shop Chuay Chart" shopping campaign aiming to help farmers while directly promoting the community's economy, and the rising of minimum wage to inject more cash into the economy system.

Thai Retailers Association has evaluated that Thailand's retail business outlook in 2018 has expanded for 3.0% with total value worth approximately Baht 3.5 trillion. The growth of retail business has been in line with the macroeconomic growth. Challenges and competition models for retailers in 2018 is the step towards the digital and cashless society. More payment would be made through digital platform. Consequently, consumers' behavior and decision on buying have been changed. They desire convenience, speed, information access and the ability to pay for products and services anywhere, anytime and via any equipment. Such delivery of positive and impressive experience to customers raised a severe competition among both offline stores and online platform and become more severe in the future.

The number of convenience stores in the type of chain store in 2018 is 17,205 stores, to which 954 stores have been added (Source: CPALL's company data). Most of such increase is a result of store expansion and new concept stores of 7-Eleven. At the same time, other retailers mostly focus on renovating their existing stores to be modern and address their consumers' changing behavior. The stores are designed to support online market, with more marketing mix of offline and online platform. However, this year the Company's market share in the convenience store business is accounted approximately for 64% followed by Tesco Lotus Express and Family Mart.

Analysis of Operating Results for the Year Ended December 31, 2018 compared to the Operating Results for the Year Ended December 31, 2017

Total Revenues

In 2018, the Company and its subsidiaries' total revenues were Baht 527,860 million. An increase of 8.0 percent from that of 2017 was mainly driven by higher sales revenue and services income of convenience store business, other supporting businesses and the cash & carry business under the name "Siam Makro". Resilient revenue growth was a result of the Company's strategy to remain vigorous in store expansion to correspond to the change in consumer lifestyle, to serve convenience to all communities, and to offer products and services that accommodate to customers demand.

Total revenues before elimination contributed from three businesses were, (Group 1) convenience store business accounted for 59 percent (Group 2) membership based Cash & Carry trade centers accounted for 34 percent, and (Group 3) other businesses in Thailand such as manufacturing and sales of convenience food, payment service, distributing and maintenance of retailing equipment accounted for 7 percent. Revenues contribution from (Group 2) dropped from last year due to growth of revenue from sales from (Group 1) was higher than (Group 2) as well as a record of gain on sale of investment in a certain subsidiary.

In 2018, the Company and its subsidiaries' gross profit was Baht 113,235 million, increased by 7.8 percent from last year, which was mainly due to improved performance of the convenience store business, Siam Makro's business, and other supporting businesses. The gross margin in the consolidated financial statement was at 22.3 similar to the same level of last year. However, the gross margin of convenience store business decreased from 28.1 percent in 2017 to 27.7 percent on the back of higher sales growth from lower gross margin products such as cigarette, alcohol beverages, and online-gamecards. Meanwhile, Siam Makro gross margin maintained at the decent level continually.

Distribution Costs and Administrative Expenses

In 2018, the Company and its subsidiaries' distribution costs and administrative expenses rose to Baht 100,195 million, increased by 9.0 percent from last year. Distribution costs were Baht 84,486 million or up 9.3 percent YoY. Detail of distribution costs with significant changes as follows:

1) Store management fees expenses were Baht 19,341 million, up 9.7 percent from last year, mainly from higher revenue from sales and gross profit margin. In addition, SBP stores also increased according to the Company's store management strategy to expand more in SBP format.
2) Employee benefit expenses were Baht 18,015 million, up 14.2 percent from last year, mainly due to an increase in numbers of staff from store expansion of both convenience store business and Siam Makro business, as well as an impact from the minimum wage increase which was effective from 1 April 2018 onwards.
3) Rental and depreciation and amortization expenses were totaling of Baht 14,825 million, up 9.0 percent from last year respectively mainly due to expenses related to new store expansion, existing store renovation, as well as investment in other supporting businesses.
4) Other expenses such as utility expenses and other expenses including service fee and supplies costs also increased in accordance with sales growth and increase in number of stores.

In addition, administrative expenses were Baht 15,709 million, which an increase by 7.6 percent YoY was largely owed to employee benefit expenses, rental expenses, and depreciation and amortisation expenses.

Profit Before Tax and Net Profit

In 2018, profit before tax was Baht 25,152 million, up 7.0 percent from last year. Net profit was Baht 20,930 million, up 5.1 percent from last year. The improvement in net profit was mainly due to revenue growth, better cost and expense control, as well as decrease of finance cost. However, on 28 March 2018, the Company sold 4.8 percent of its interest in Siam Makro Public Company Limited, reducing its ownership interest from 97.9 percent to 93.1 percent. The Company's earnings per share was Baht 2.22.

Profit before tax before elimination be contributed from three businesses in 2017 were (Group 1) convenience store business accounted for 67 percent (Group 2) membership based Cash & Carry trade centers accounted for 22 percent, and (Group 3) other businesses in Thailand such as manufacturing and sales of convenience food, payment service, distributing and maintenance of retailing equipment accounted for 11 percent. The contribution of profit before tax from (Group 1) increased, but (Group 2) decreased from last year due to an high growth of revenues from (Group 1) comparing to (Group 2) as well as as a record of gain on sale of investment in a certain subsidiary.

Operating Results by Business Segments

Convenience Store Business

In 2018, the Company continued to expand "7-Eleven" stores to serve convenience to all communities in Bangkok and provincial areas. The new stores were in various store type including corporate, store business partner (SBP) and sub-area, where some were stand-alone stores and other were in PTT gas stations. The Company has planned to open 700 new stores per, which during 2018 the Company has successfully opened 720 new stores in various formats. At the end of 2018, CPALL operated 10,988 stores nationwide, which can be broken down into (1) 4,894 corporate stores (45 percent of total stores), an increase of 364 stores from last year, (2) 5,336 SBP stores (49 percent of total stores), an increase of 319 stores from last year, and (3) 758 sub-area stores (6 percent of total stores) an increase of 37 stores from last year.

Regarding products and services, the Company strived to become "the convenience food store of Thais" with the continuous improvement in food and beverages and new products. These products has received great feedback from customer as lifestyles get busier and looking for convenience. In 2018, food and beverage products accounted for 70.1 percent of sales mix, while non-food items (excluding phone cards) accounted for 29.9 percent. The sales mix from non-food items (excluding phone cards) up from 29.4 in last year due to a high sales growth from cigarette resulting from an increase in excise tax since September 2017. However, revenue from sales of food and beverage products remained grow well.

On the back of the dynamic expansion and successful product strategy, in 2018 the convenience store business had total sales revenue and service income of Baht 308,843 million, increased by Baht 30,092 million or 10.8 percent YoY. Gross profit amounted to Baht 85,697 million, increased by 7,462 million or 9.5 percent YoY, yet gross profit margin dropped to 27.7 percent from 28.1 percent in 2017 owing to a higher sales growth from lower gross margin products such as cigarette, alcohol beverages, and online-gamecards. However, the Company was able to maintain sales mix of higher-margin products, such as ready to eat and drink, at a satisfactory level.

Meantime, other income of the convenience store business increased to Baht 18,850 million in 2018, or an increase of Baht 853 million or 4.7 percent from last year as mainly from higher income on royalties and other fees relating to license income from an increase of SBP stores as well as higher sales promotion income from co-promotion campaigns with suppliers to boost sales such as premiums redemption and stamp collection campaign.

Distribution cost and administrative expenses were Baht 83,699 million in 2018, or an increase of Baht 7,455 million or 9.8 percent YoY. Higher expenses included employee benefit expenses due to store expansion together with an increase of minimum wage, store management fee due to an increase of SBP stores, and depreciation expense in related to store expansion in which most of are in larger size than existing stores and renovation of existing stores.

Operating profit of the convenience store business was Baht 28,688 million including record of gain on sale of investment in a certain subsidiary net of expenses of Baht 801 million, increased by 11.1 percent from last year, while net profit was Baht 19,944million, increased by 20.0 percent YoY.

Other Businesses

Other businesses comprise of bill payment services, manufacturing and sale of ready-to-eat food and bakery products, distribution and maintenance of retail equipments and other businesses that mainly support the convenience store business. The Company remained active to develop new products or services that match with customer demand such as negotiating with the business partners to expand service channels of Counter Service or e-commerce retailing to provide convenience to customer.

In 2018, profit before tax was Baht 3,554 million, increased by 7.3 percent from last year.

Cash & Carry Trade Centers

In 2018, Siam Makro's total revenues were Baht 192,932 million, increased by 3.3 percent YoY due to same store sales growth and revenue from sale of goods of new stores opened in the past year. Gross profit to total revenue was at 12.1 percent similar level of last year. Hence, profit before tax was Baht 7,082 million decreased by 2.6 percent YoY due to an pre-operating expenses from its international business expansion. (Note: investors can find additional details in Form 56-1 for the year 2018 of Siam Makro)

Non-recurring Item and Other Income

In 2017, other income increased to Baht 18,988 million, an increase of Baht 893 million from last year, or 4.9 percent YoY following sales and service revenue growth. Sales promotion income was Baht 10,630 million, increased by 7.3 percent. Income on royalties and other fees relating to license income rose to Baht 2,085 million, down 2.2 percent YoY, and other income from ATM installation and mobile phone's top-up card booth amounted to Baht 6,273 or up 3.5 percent YoY.

Analysis of the Company and its Subsidiaries' Financial Status for the Year Ended December 31, 2018

Total Assets

As at December 31, 2018, the Company and its subsidiaries reported total assets of Baht 373,742 million, an increase of 3.7 percent compared to the end of 2017 was largely from an increase in cash and cash equivalents together with property, plant and equipment. Assets with significant changes are as follows:

Cash and cash equivalents was Baht 34,023 million, or 9.1 percent of total assets, an increase of Baht 5,144 million or 17.8 percent YoY. The Company was persistently in a good position of cash flow from operation and good liquidity. Meantime, an increase of number of stores and revenue from sales of goods led higher cash on hand.

Trade accounts receivable was Baht 2,040 million, or 0.5 percent of total assets, up by Baht 439 million or 10.3 percent YoY. This was largely due to trade account receivable of Siam Makro from its growing food service business which was a normal course of this business.

Other current receivable was Baht 7,406 million, or 2.0 percent of total assets, up by Baht 695 million or 10.3 percent YoY following higher sales and services revenue. Hence, majority of receivable were from royalties income, service income, and sales promotion income.

According to the aging analyses for trade and other accounts receivable, 97 percent of trade and other accounts receivable had credit term less than three months.

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts. The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Inventories were Baht 29,570 million, or 7.9 percent of total assets, up by Baht 2,194 million or 8.0 percent YoY following higher sales revenue. Thus, inventory turnover ratio increased to 13.88 times in 2018 from 13.54 times in 2017.

An allowance for losses is made for all deteriorated, damaged, obsolete and slow-moving inventories.

In addition, other current assets was Baht 487 million, or 0.1 percent of total assets, down by Baht 133 million or 21.5 percent YoY

Regarding the investment plan, the Company has continued to invest in order to explore new business opportunity and improve support existing operation of the Company such as store expansion, new distribution center, new ready-to-eat food manufacturing facility, new distribution channel. The investments were directly made from the Company and its subsidiaries. In 2018, investments in subsidiaries were Baht 197,611 million, down by Baht 9,223 million or 4.5 percent YoY. This was due to a disposal of interest in subsidiary by 4.8 percent of paid-up shares of Siam Makro Public Company Limited for Baht 10,131 million in cash, reducing its ownership interest from 97.9 percent to 93.1 percent without a change in control over the subsidiary.

Property, plant and equipment amounted to Baht 111,287 million, or 29.8 percent of total assets, up by Baht 4,893 million or 4.6 percent YoY. This was from store expansion of both 7-Eleven convenience stores and Siam Makro trade centers. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Goodwill was Baht 128,096 million, or 34.3 percent of total assets, down by Baht 232 million or 0.2 percent mainly due to a record of decrease in contingent consideration by the Company's subsidiary Baht 232 million. Most of the goodwill arose from the Company's purchase of shares of Siam Makro Public Company Limited both directly and indirectly, and arose from Siam Makro Public Company Limited's purchase of shares at 80 percent shareholding each of four companies, namely Indoguna (Singapore) Pte Ltd, Indoguna Dubai L.L.C, Just Meat Company Limited, and Indoguna Lordly Company Limited.

At initial recognition, goodwill is measured at the fair value of the purchase consideration, including non-controlling interest net book value (generally fair value) of assets and liabilities. During the year 2013, the Company measured fair values of assets acquired and liabilities derived from the business combination of Siam Makro and recorded the difference between the acquisition price and fair value of the net assets of such business combination as goodwill.

Other intangible assets were Baht 51,435 million, or 13.8 percent of total assets, a majority of which was an intellectual property amount Baht 46,521 million arose from business combination of Siam Makro. Other intangible assets were divided into two categories: 1) asset with finite useful lives i.e. computer software and customer database with useful life of 2-15 years are measured at cost less accumulated amortisation and accumulated impairment losses and 2) other intangible assets that have indefinite useful lives i.e. intellectual property, business license, etc. are measured at cost less accumulated impairment losses.

The carrying amount of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Other non-current assets were Baht 1,054 million, 0.3 percent of total assets, up by Baht 55 million or 5.5 percent which included higher prepaid rental and service fees that rose in line with the Company's business expansion.

Total Liabilities

As at December 31, 2018, the Company and its subsidiaries had total liabilities of Baht 273,923 million, decreased by Baht 6,147 million, or 2.2 percent from the previous year. Liabilities with significant changes are as follows:

Trade accounts payable were Baht 78,790 million, or 28.8 percent of total liabilities, up by Baht 4,048 million or 5.4 percent YoY following higher sales revenue of convenience store business and Siam Makro business.

Interest-bearing liabilities were Baht 154,263 million in 2018, or 56.3 percent of total liabilities, down by Baht 12,775 million or 7.6 percent YoY. During 2018, repayment of the matured debentures was Baht14,747 million, none of new debenture issuance during the year. Thus, net debt to adjusted equity (according to definition of debenture covenants) was at 1.04 times in 2018, decreased from 1.44 times in 2017. The Company's net debt to adjusted equity was lower than debenture covenants in 2018.

Other payables were Baht 15,867 million, or 5.8 percent of total liabilities, up by Baht 1,787 million or 12.7 percent YoY mainly from an increase in accrued royalties and other accrued expenses, interest expenses, advertising and sales promotion expenses which rose in relation to business expansion.

Deferred tax liabilities were Baht 15,088 million, or 5.5 percent of total liabilities, down by Baht 82 million or 0.5 percent due to fair value adjustment of asset acquired from the business combination of Siam Makro. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Regarding contingent liabilities and off balance sheet liabilities management, the Company has contingent liabilities with third parties including: 1) commitments for capital expenditure, which is the contract that has not yet been realised such as cost of construction of new factories, cost of installing the machinery or computer system development, operating lease commitments that cannot be canceled, which covers the lease of land, buildings, vehicles and other assets and 3) other commitments by the obligations of the Company, which incurred in the normal course of business operations, such as the Letter of Credit that has not yet been used for the purchase of goods and supplies.

Total Shareholders' Equity

As at December 31, 2018, the Company and its subsidiaries had total shareholders' equity of Baht 99,819 million, an increase of Baht 19,590 million or 24.4 percent from 2017. This was mainly due to an increase in profit from business operation amount Baht 20,930 million and dividend payments of Baht 9,881 million to shareholders for the fiscal year of 2017. In addition, non controlling interests increased by Baht 10,092 million due to a partial disposal of interests in Siam Makro Public Company Limited.

Analysis of Statements of Cash Flows, Liquidity and Sources of Funds of the Company and its Subsidiaries for the Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

Liquidity

As at December 31, 2018, the Company reported cash and cash equivalent of Baht 34,023 million, accounting for 17.8 percent of the Company's total assets. Nevertheless, the Company's liquidity remained healthy from efficient working capital management, having negative cash cycle of 43 days in 2018 which resulted from inventory period of 26 days, payable period of 70 days, and receivable period of 1 day.

Cash Flow from Operating Activities

In 2018, net cash flow from operating activities totaled Baht 41,227 million, down 10.7 percent from the same period of last year due to an increase in trade receivables and inventories due to both in local and international business expansion.

Cash Flow from Investing Activities

In 2018, net cash flow used in investing activities amounted to Baht 15,354 million decreasing by 24.7 percent from the same period of last year. During 2018, Siam Makro Public Company Limited focused on small store format resulted to a lower investing in leasehold rights, while in 2017 there was cash out flow for buying of Siam Makro Public Company Limited's subsidiary of Baht 2,720 million.

Cash Flow from Financing Activities

In 2018, net cash flow used in financing activities totaled Baht 20,714 million. The key financing activities were interest payment, dividend payment, as well as repayment of matured issuing debentures and so on.

Financial Ratio Analysis

Net Debt to Equity

As at December 31, 2018, the Company and its subsidiaries net debt to adjusted equity according to definition of debenture covenants was at 1.04 times, decreased from 1.44 times in 2017. Lower net debt to equity was mainly driven by a repayment of matured debentures during the year, together with larger shareholders' equity base from increase in profit from business operation. Also, the Company paid dividend payments of Baht 1.1 per share to shareholders for the fiscal year of 2017.

In addition, the Company plans to continuously reduce all interest-bearing debt obligations from our improving cash flow from operations after the allocation of dividend payment and capital expenditure investment. Therefore, net debt to equity is expected to be lower, while the Company is obligated to comply with debenture covenants

net debt to equity ratio at	5	times in 2016
net debt to equity ratio at	3.5	times in 2017
net debt to equity ratio at	2.5	times in 2017
net debt to equity ratio at	2.0	times in 2018 - 2022

Debt-Service Coverage Ratio

As at December 31, 2018, the Company and its subsidiaries Debt-Service Coverage Ratio slightly decreased from 1.32 times from last year to 1.26 times as a result of lower cash flow from operations, however, the Company remained mange its cashflow efficiently.

Interest Coverage Ratio

As at December 31, 2018, the Company and its subsidiaries interest coverage ratio rose to 4.50 times from 3.94 times in 2017 as a result of improving cash flow from operations and lower finance cost.

Liquidity Ratio and Quick Ratio

As at December 31, 2018, the Company's liquidity ratio and quick ratio were 0.61 times and 0.30 times respectively, increased from 0.59 time and 0.28 time from 2017 mainly due to an increase in cash and cash equivalent from higher revenue from sales and services income.

Return on Shareholder's Equity

In 2018, the Company's return on shareholder's equity decreased to 23.2 percent compared with 28.5 percent in last year. The DuPont Analysis is as follow:

The DuPont Analysis	2017	2018
Profit Margin (percent)	4.07	3.97
Total Asset Turnover (times)	1.37	1.44
The equity multiplier (times)	5.10	4.08

Factors which may Impact Operating Results and Financial Status of the Company and its Subsidiaries in the Future

CPALL regards the ever-changing customer demand as a major factor that impacts the Company's revenue and net profit. With our best effort, CPALL endeavors to offer products and services that correspond to the change in customer lifestyle in order to attract more customers and deliver higher sales revenue. Moreover, the Company aims to increase the sales proportion of the higher-margin ready-to-eat food products in order to enhance our profit margins. We also reaffirm our dynamic store expansion plan in order to reach customers in all provinces. Regarding other businesses such as bill payment services, manufacturing and sale of food and bakery products, maintenance of retail equipment, as well as new projects including best-sellers publications, books and magazines sold exclusively to Book Smile or projects in co-operations with various organizations to develop innovation under "7 Innovation Awards", CPALL continues to provide

support to the small and medium business enterprises in order for them to be able to grow along with the Company. At the same times, these businesses will support the Company's efficient operation and differentiate our products and services from competitors, resulting in higher revenue of the Company.

For supply chain management, in 2018 the Company has a total of 8 regional distribution centers for consumer products, 9 distribution centers for temperature-controlled products and 2 distribution centers for frozen products, making the Company as the retailer who owns the largest area of distribution centers covering nationwide which eventually strengthen the Company's competitive advantage in the long term.

Regarding Siam Makro business, we expect improving sales revenue on the back of its highly resilient operation and store expansion. Although the Company incurred interest-bearing debts from such acquisition, we believe that our improving operating cash flow will be able to service all debt obligations.

Others

In 2018, the Company has expenses related to research and technological development that were proposed in accordance with certification by Research and Technological Development Project of the National Science and Technology Development Agency amount Baht 106.7 million. Majority of the projects were related to ready-to-eat food products which also support the Company's business operation.

Project Value (Unit : million Baht)	2016	2017	2018
Research and Technological Development Projects	9.32	2.53	106.71

Annual Financial Statements

and Auditor Report of Certified Public Accountant

for the year ended 31 December 2018

Independent Auditor's Report

To the Shareholders of CP ALL Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of CP ALL Public Company Limited and its subsidiaries (the "Group") and of CP ALL Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2018, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2018 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of inventories	
Refer to notes 3 (g) and 10 to the financial statements	
The key audit matter	**How the matter was addressed in the audit**
The valuation of inventories was focused on because the estimation of net realisable value of inventories involves management's judgment relating to estimate quantity and valuation for deteriorated, damaged, obsolete and slow-moving and shrinkage inventories.	My audit procedures included the following: - Understood the inventory control and management policy and the estimation of net realisable value of inventories. - Tested a sample of the aging of inventory and the reasonableness of assumptions used to set the percentage of deteriorated, damaged, obsolete, slow-moving and shrinkage inventories determined by management and compared that percentage with information for destruction and shrinkage inventories. - Tested a sample of selling prices post year-end and the estimated costs to make the sale with related documents including recalculation of net realisable value. - Considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.

Impairment of goodwill and other intangible assets	
Refer to note 3 (k), 3 (m), 15 and 16 to the financial statements	
The key audit matter	**How the matter was addressed in the audit**
The Group has significant goodwill and other intangible assets with indefinite useful life which was mainly arising from a business acquisition. The management normally assesses the impairment from the estimated recoverable amount at the end of the period. The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of assets and related assumptions. The judgments of management required to be applied over assumptions and the inherent uncertainty involved in forecasting and discounting future cash flows. This area was focused on my audit accordingly.	My audit procedures included the following: - Understood the process of the estimated recoverable amount to assess the impairment. - Considered the key assumptions in the estimated recoverable amount reports, which were approved by management, by comparing the actual operation results, industry trends and information derived from external and internal sources and assessed financial methodologies used by the Group and discount rate and performed sensitivity analysis around the key assumptions. - Considered the adequate of the Group's disclosures in accordance with Thai Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance and request that the correction be made. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Munchupa Singsuksawat)
Certified Public Accountant
Registration No. 6112

KPMG Phoomchai Audit Ltd.
Bangkok
21 February 2019

Assets	Note	Consolidated financial statements 31 December 2018	Consolidated financial statements 31 December 2017	Separate financial statements 31 December 2018	Separate financial statements 31 December 2017
			(in Baht)		
Current assets					
Cash and cash equivalents	*6*	34,023,108,678	28,878,805,807	22,611,758,020	17,651,393,427
Current investments	*7*	1,467,226,803	1,384,828,450	-	-
Trade accounts receivable	*5, 8*	2,039,650,878	1,600,923,067	65,520,257	123,933,134
Other current receivables	*5, 9*	7,406,471,249	6,711,808,665	4,929,326,355	4,642,187,758
Short-term loans to subsidiaries	*5*	-	-	5,850,000,000	4,700,000,000
Inventories	*5, 10*	29,570,068,385	27,376,288,301	13,458,885,841	12,723,675,751
Other current assets	*11*	487,183,205	620,614,659	293,762,578	380,037,397
Total current assets		**74,993,709,198**	**66,573,268,949**	**47,209,253,051**	**40,221,227,467**
Non-current assets					
Investments in subsidiaries	*12*	-	-	197,610,700,540	206,833,435,450
Investment in related company	*5*	34,000,000	34,000,000	34,000,000	34,000,000
Other long-term investments		988,482	411,582	-	-
Other non-current receivables	*5, 9*	1,398,185,521	1,398,280,779	1,107,169,290	1,117,061,842
Investment properties		332,832,502	332,832,502	-	-
Property, plant and equipment	*5, 14*	111,287,431,835	106,394,003,141	30,983,841,928	28,293,610,814
Goodwill	*15*	128,096,020,528	128,328,020,219	-	-
Leasehold rights		4,107,307,022	4,075,075,362	395,839,291	350,572,697
Other intangible assets	*5, 16*	51,435,443,460	51,249,433,794	1,394,495,418	1,329,559,931
Deferred tax assets	*17*	1,002,040,250	914,761,384	459,191,755	427,728,693
Other non-current assets	*18*	1,053,658,260	998,477,965	1,173,596,808	1,102,560,662
Total non-current assets		**298,747,907,860**	**293,725,296,728**	**233,158,835,030**	**239,488,530,089**
Total assets		**373,741,617,058**	**360,298,565,677**	**280,368,088,081**	**279,709,757,556**

The accompanying notes are an integral part of these financial statements.

Liabilities and equity	Note	Consolidated financial statements 31 December 2018	Consolidated financial statements 31 December 2017	Separate financial statements 31 December 2018	Separate financial statements 31 December 2017
			(in Baht)		
Current liabilities					
Short-term borrowings from financial institutions	*19*	3,582,583,743	4,325,529,841	-	-
Trade accounts payable	*5, 20*	78,790,390,772	74,742,349,126	41,442,528,081	38,336,434,575
Other payables	*5, 21*	15,866,589,814	14,079,123,589	19,212,592,501	16,848,314,053
Current portion of debentures	*19*	22,994,300,000	14,747,000,000	22,994,300,000	14,747,000,000
Current portion of long-term borrowings from financial institutions	*19*	94,476,827	2,031,562,129	-	-
Current portion of finance lease liabilities	*19*	106,205,916	118,346,596	-	-
Income tax payable		1,394,812,435	1,206,249,753	447,915,573	269,692,579
Other current liabilities		922,328,431	856,797,848	672,669,610	571,934,035
Total current liabilities		**123,751,687,938**	**112,106,958,882**	**84,770,005,765**	**70,773,375,242**
Non-current liabilities					
Debentures	*19*	117,883,600,000	140,877,900,000	117,883,600,000	140,877,900,000
Long-term borrowings from financial institutions	*19*	9,009,893,588	4,250,087,159	-	-
Finance lease liabilities	*19*	592,139,807	687,562,120	-	-
Provisions for employee benefits	*22*	3,368,249,860	2,787,297,899	1,927,575,725	1,537,960,822
Accrued guarantee deposits	*23*	3,716,365,858	3,592,742,121	3,634,158,956	3,457,758,770
Deferred tax liabilities	*17*	15,087,901,684	15,170,073,335	-	-
Other non-current liabilities		513,093,464	597,163,890	132,459,670	74,665,633
Total non-current liabilities		**150,171,244,261**	**167,962,826,524**	**123,577,794,351**	**145,948,285,225**
Total liabilities		**273,922,932,199**	**280,069,785,406**	**208,347,800,116**	**216,721,660,467**

The accompanying notes are an integral part of these financial statements.

Liabilities and equity *(Continued)*	Note	Consolidated financial statements 31 December 2018	Consolidated financial statements 31 December 2017	Separate financial statements 31 December 2018	Separate financial statements 31 December 2017
			(in Baht)		
Equity					
Share capital	*24*				
Authorised share capital		8,986,296,048	8,986,296,048	8,986,296,048	8,986,296,048
Issued and paid-up share capital		8,983,101,348	8,983,101,348	8,983,101,348	8,983,101,348
Additional paid-in capital	*24*				
Premium on ordinary shares		1,684,316,879	1,684,316,879	1,684,316,879	1,684,316,879
Deficit from changes in ownership interest in subsidiary		(1,061,147,719)	(1,142,585,625)	-	-
Retained earnings					
Appropriated					
Legal reserve	*25*	900,000,000	900,000,000	900,000,000	900,000,000
Unappropriated		55,731,138,106	45,728,253,122	40,543,715,538	31,511,524,662
Other component of equity		(1,315,759,337)	(729,324,321)	-	-
Total		**64,921,649,277**	**55,423,761,403**	**52,111,133,765**	**43,078,942,889**
Subordinated perpetual debentures	*26*	19,909,154,200	19,909,154,200	19,909,154,200	19,909,154,200
Equity attributable to equity holders of the Company		**84,830,803,477**	**75,332,915,603**	**72,020,287,965**	**62,988,097,089**
Non-controlling interests	*13*	14,987,881,382	4,895,864,668	-	-
Total equity		**99,818,684,859**	**80,228,780,271**	**72,020,287,965**	**62,988,097,089**
Total liabilities and equity		**373,741,617,058**	**360,298,565,677**	**280,368,088,081**	**279,709,757,556**

The accompanying notes are an integral part of these financial statements.

	Note	Consolidated financial statements For the year ended 31 December 2018	Consolidated financial statements For the year ended 31 December 2017	Separate financial statements For the year ended 31 December 2018	Separate financial statements For the year ended 31 December 2017
			(in Baht)		
Revenues	*5*				
Revenue from sale of goods and rendering of services		508,552,476,958	471,069,225,169	308,843,148,532	278,751,086,839
Interest income		279,717,094	238,501,420	410,887,018	363,751,532
Dividend income		222,724	182,701	6,521,296,935	5,472,621,331
Net foreign exchange gain		39,718,044	-	171,828	-
Gain on sale of investment in subsidiary	*12*	-	-	907,177,120	-
Other income	*28*	18,987,616,554	18,095,340,480	18,850,008,297	17,996,860,731
Total revenues		**527,859,751,374**	**489,403,249,770**	**335,532,689,730**	**302,584,320,433**
Expenses	*5*				
Cost of sale of goods and rendering of services	*10*	395,317,239,863	366,002,294,766	223,145,672,130	200,515,856,459
Distribution costs	*10, 29*	84,486,073,988	77,299,851,358	71,667,003,828	65,297,505,088
Administrative expenses	*30*	15,709,057,219	14,601,877,254	12,032,226,082	10,946,347,799
Net foreign exchange loss		-	539,437	-	15,883
Finance costs	*33*	7,195,670,758	7,992,599,228	6,763,456,915	7,643,856,164
Total expenses		**502,708,041,828**	**465,897,162,043**	**313,608,358,955**	**284,403,581,393**
Profit before income tax expense		**25,151,709,546**	**23,506,087,727**	**21,924,330,775**	**18,180,739,040**
Income tax expense	*34*	3,968,671,446	3,487,045,675	1,979,911,710	1,563,042,248
Profit for the year		**21,183,038,100**	**20,019,042,052**	**19,944,419,065**	**16,617,696,792**
Profit attributable to:					
Equity holders of the Company		20,929,650,304	19,907,708,161	19,944,419,065	16,617,696,792
Non-controlling interests	*13*	253,387,796	111,333,891	-	-
Profit for the year		**21,183,038,100**	**20,019,042,052**	**19,944,419,065**	**16,617,696,792**
Basic earnings per share *(in Baht)*	*36*	**2.22**	**2.14**	**2.11**	**1.77**

The accompanying notes are an integral part of these financial statements.

	Note	Consolidated financial statements For the year ended 31 December 2018	Consolidated financial statements For the year ended 31 December 2017	Separate financial statements For the year ended 31 December 2018	Separate financial statements For the year ended 31 December 2017
			(in Baht)		
Profit for the year		**21,183,038,100**	**20,019,042,052**	**19,944,419,065**	**16,617,696,792**
Other comprehensive income					
Item that will be reclassified subsequently to profit or loss					
Exchange differences on translating financial statement		(599,145,189)	(222,219,626)	-	-
		(599,145,189)	**(222,219,626)**	**-**	**-**
Items that will not be reclassified subsequently to profit or loss					
Losses on remeasurements of defined benefit plans	*22, 34*	(55,924,795)	(50,608,119)	(38,520,883)	(19,230,572)
Income tax relating to components of other comprehensive income on losses on remeasurements of defined benefit plans	*17, 34*	9,447,402	9,817,033	7,704,177	3,846,114
		(46,477,393)	**(40,791,086)**	**(30,816,706)**	**(15,384,458)**
Other comprehensive income for the year, net of income tax		**(645,622,582)**	**(263,010,712)**	**(30,816,706)**	**(15,384,458)**
Total comprehensive income for the year		**20,537,415,518**	**19,756,031,340**	**19,913,602,359**	**16,602,312,334**
Total comprehensive income attributable to:					
Equity holders of the Company		20,297,861,451	19,663,619,772	19,913,602,359	16,602,312,334
Non-controlling interests	*13*	239,554,067	92,411,568	-	-
Total comprehensive income for the year		**20,537,415,518**	**19,756,031,340**	**19,913,602,359**	**16,602,312,334**

The accompanying notes are an integral part of these financial statements.

	Note	Consolidated financial statements									
					Retained earnings		Other component of equity				
		Issued and paid-up share capital	Premium on ordinary shares	Surplus (Deficit) from changes in ownership interest in subsidiary	Legal reserve	Unappropriated	Exchange differences on translating financial statement	Subordinated perpetual debentures	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
						(in Baht)					
For the year ended 31 December 2018											
Balance at 1 January 2018		**8,983,101,348**	**1,684,316,879**	**(1,142,585,625)**	**900,000,000**	**45,728,253,122**	**(729,324,321)**	**19,909,154,200**	**75,332,915,603**	**4,895,864,668**	**80,228,780,271**
Transactions with equity holders, recorded directly in equity											
Distributions to equity holders											
Dividends	37	-	-	-	-	(9,881,411,483)	-	-	(9,881,411,483)	(189,882,054)	(10,071,293,537)
Total distributions to equity holders		-	-	-	-	**(9,881,411,483)**	-	-	**(9,881,411,483)**	**(189,882,054)**	**(10,071,293,537)**
Changes in ownership interests in subsidiaries											
Called for paid-up share capital from subsidiaries		-	-	-	-	-	-	-	-	145,289,030	145,289,030
Changes in ownership interest in subsidiary without a change in control	12	-	-	81,437,906	-	-	-	-	81,437,906	9,897,055,671	9,978,493,577
Total changes in ownership interests in subsidiaries		-	-	**81,437,906**	-	-	-	-	**81,437,906**	**10,042,344,701**	**10,123,782,607**
Total transactions with equity holders, recorded directly in equity		-	-	**81,437,906**	-	**(9,881,411,483)**	-	-	**(9,799,973,577)**	**9,852,462,647**	**52,489,070**
Comprehensive income for the year											
Profit		-	-	-	-	20,929,650,304	-	-	20,929,650,304	253,387,796	21,183,038,100
Other comprehensive income		-	-	-	-	(45,353,837)	(586,435,016)	-	(631,788,853)	(13,833,729)	(645,622,582)
Total comprehensive income for the year		-	-	-	-	**20,884,296,467**	**(586,435,016)**	-	**20,297,861,451**	**239,554,067**	**20,537,415,518**
Interest payment on subordinated perpetual debentures	26	-	-	-	-	(1,000,000,000)	-	-	(1,000,000,000)	-	(1,000,000,000)
Balance at 31 December 2018		**8,983,101,348**	**1,684,316,879**	**(1,061,147,719)**	**900,000,000**	**55,731,138,106**	**(1,315,759,337)**	**19,909,154,200**	**84,830,803,477**	**14,987,881,382**	**99,818,684,859**

The accompanying notes are an integral part of these financial statements.

		Consolidated financial statements									
					Retained earnings		Other component of equity				
	Note	Issued and paid-up share capital	Premium on ordinary shares	Deficit from changes in ownership interest in subsidiary	Legal reserve	Unappropriated	Exchange differences on translating financial statement	Subordinated perpetual debentures	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
						(in Baht)					
For the year ended 31 December 2017											
Balance at 1 January 2017		**8,983,101,348**	**1,684,316,879**	**(1,142,585,625)**	**900,000,000**	**35,343,853,721**	**(525,443,344)**	**9,952,924,500**	**55,196,167,479**	**4,407,036,638**	**59,603,204,117**
Transactions with equity holders, recorded directly in equity											
Distributions to equity holders											
Dividends	*37*	-	-	-	-	(8,983,101,348)	-	-	(8,983,101,348)	(90,654,511)	(9,073,755,859)
Total distributions to equity holders		-	-	-	-	**(8,983,101,348)**	-	-	**(8,983,101,348)**	**(90,654,511)**	**(9,073,755,859)**
Changes in ownership interests in subsidiaries											
Acquisition of subsidiaries with non-controlling interests		-	-	-	-	-	-	-	-	205,555,158	205,555,158
Called for paid-up share capital from subsidiaries		-	-	-	-	-	-	-	-	281,515,815	281,515,815
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	**487,070,973**	**487,070,973**
Total transactions with equity holders, recorded directly in equity		-	-	-	-	**(8,983,101,348)**	-	-	**(8,983,101,348)**	**396,416,462**	**(8,586,684,886)**
Comprehensive income for the year											
Profit		-	-	-	-	19,907,708,161	-	-	19,907,708,161	111,333,891	20,019,042,052
Other comprehensive income		-	-	-	-	(40,207,412)	(203,880,977)	-	(244,088,389)	(18,922,323)	(263,010,712)
Total comprehensive income for the year		-	-	-	-	**19,867,500,749**	**(203,880,977)**	-	**19,663,619,772**	**92,411,568**	**19,756,031,340**
Issuance of subordinated perpetual debentures	*26*	-	-	-	-	-	-	9,956,229,700	9,956,229,700	-	9,956,229,700
Interest payment on subordinated perpetual debentures	*26*	-	-	-	-	(500,000,000)	-	-	(500,000,000)	-	(500,000,000)
Balance at 31 December 2017		**8,983,101,348**	**1,684,316,879**	**(1,142,585,625)**	**900,000,000**	**45,728,253,122**	**(729,324,321)**	**19,909,154,200**	**75,332,915,603**	**4,895,864,668**	**80,228,780,271**

The accompanying notes are an integral part of these financial statements.

	Note	Separate financial statements					
				Retained earnings			
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated	Subordinated perpetual debentures	Total equity
				(in Baht)			
For the year ended 31 December 2018							
Balance at 1 January 2018		**8,983,101,348**	**1,684,316,879**	**900,000,000**	**31,511,524,662**	**19,909,154,200**	**62,988,097,089**
Transactions with equity holders, recorded directly in equity							
Distributions to equity holders							
Dividends	*37*	-	-	-	(9,881,411,483)	-	(9,881,411,483)
Total transactions with equity holders, recorded directly in equity		**-**	**-**	**-**	**(9,881,411,483)**	**-**	**(9,881,411,483)**
Comprehensive income for the year							
Profit		-	-	-	19,944,419,065	-	19,944,419,065
Other comprehensive income		-	-	-	(30,816,706)	-	(30,816,706)
Total comprehensive income for the year		**-**	**-**	**-**	**19,913,602,359**	**-**	**19,913,602,359**
Interest payment on subordinated perpetual debentures	*26*	-	-	-	(1,000,000,000)	-	(1,000,000,000)
Balance at 31 December 2018		**8,983,101,348**	**1,684,316,879**	**900,000,000**	**40,543,715,538**	**19,909,154,200**	**72,020,287,965**

The accompanying notes are an integral part of these financial statements.

		Separate financial statements					
				Retained earnings			
	Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated	Subordinated perpetual debentures	Total equity
				(in Baht)			
For the year ended 31 December 2017							
Balance at 1 January 2017		**8,983,101,348**	**1,684,316,879**	**900,000,000**	**24,392,313,676**	**9,952,924,500**	**45,912,656,403**
Transactions with equity holders, recorded directly in equity							
Distributions to equity holders							
Dividends	*37*	-	-	-	(8,983,101,348)	-	(8,983,101,348)
Total transactions with equity holders, recorded directly in equity		-	-	-	**(8,983,101,348)**	-	**(8,983,101,348)**
Comprehensive income for the year							
Profit		-	-	-	16,617,696,792	-	16,617,696,792
Other comprehensive income		-	-	-	(15,384,458)	-	(15,384,458)
Total comprehensive income for the year		-	-	-	**16,602,312,334**	-	**16,602,312,334**
Issuance of subordinated perpetual debentures	*26*	-	-	-	-	9,956,229,700	9,956,229,700
Interest payment on subordinated perpetual debentures	*26*	-	-	-	(500,000,000)	-	(500,000,000)
Balance at 31 December 2017		**8,983,101,348**	**1,684,316,879**	**900,000,000**	**31,511,524,662**	**19,909,154,200**	**62,988,097,089**

The accompanying notes are an integral part of these financial statements.

	Note	Consolidated financial statements For the year ended 31 December 2018	2017	Separate financial statements For the year ended 31 December 2018	2017
			(in Baht)		
Cash flows from operating activities					
Profit for the year		21,183,038,100	20,019,042,052	19,944,419,065	16,617,696,792
Adjustments to reconcile profit to cash receipts					
Depreciation	*14, 32*	9,507,405,827	8,744,367,811	5,704,493,122	5,349,808,290
Amortisation of leasehold rights	*32*	298,791,488	281,115,986	107,281,101	109,789,207
Amortisation of other intangible assets	*16, 32*	637,951,754	532,693,903	227,181,650	183,179,483
Interest income		(279,717,094)	(238,501,420)	(410,887,018)	(363,751,532)
Dividend income		(222,724)	(182,701)	(6,521,296,935)	(5,472,621,331)
Gain on sale of investment in subsidiary	*12*	-	-	(907,177,120)	-
Finance costs	*33*	7,195,670,758	7,992,599,228	6,763,456,915	7,643,856,164
Income tax expense	*34*	3,968,671,446	3,487,045,675	1,979,911,710	1,563,042,248
Provisions for employee benefits	*22*	569,096,145	292,894,527	365,647,220	147,590,112
Reversal of allowance for losses on decline in value of inventories	*10*	(252,994,300)	(30,832,722)	(232,739,026)	(33,125,785)
Impairment for losses on property, plant and equipment	*14*	8,356,156	4,470,000	-	-
(Reversal of) impairment for losses on other intangible assets	*16*	(2,500,000)	2,500,000	-	-
Bad and doubtful debts expenses	*8, 9*	15,355,779	17,845,869	6,505,259	6,811,984
Unrealised gain on exchange		(7,772,566)	(15,695,822)	-	-
Loss on disposal and write-off of property, plant and equipment		151,843,212	110,013,847	150,614,581	91,586,105
Gain on disposal of leasehold rights		(12,885,650)	(8,944,109)	(12,885,650)	(8,944,109)
Loss on write-off of other intangible assets		93,799	48,846	93,799	48,846
		42,980,182,130	41,190,480,970	27,164,618,673	25,834,966,474
Changes in operating assets and liabilities					
Trade accounts receivable		(441,658,271)	(28,187,843)	58,412,877	11,221,145
Other receivables		(717,257,078)	(18,077,775)	(256,523,769)	(48,921,401)
Inventories		(1,940,788,381)	(301,254,520)	(502,471,064)	(921,741,960)
Other current assets		136,945,334	113,573,987	79,023,407	240,152,953
Other non-current assets		(258,980,537)	(163,008,327)	(71,036,146)	(92,962,808)

The accompanying notes are an integral part of these financial statements.

	Note	Consolidated financial statements For the year ended 31 December 2018	Consolidated financial statements For the year ended 31 December 2017	Separate financial statements For the year ended 31 December 2018	Separate financial statements For the year ended 31 December 2017
			(in Baht)		
Trade accounts payable		4,105,602,148	7,529,126,007	3,106,093,506	4,715,340,716
Other payables		1,008,632,061	1,179,093,305	1,955,932,684	1,473,552,805
Other current liabilities		65,530,583	(160,359,728)	100,735,575	(26,491,129)
Provisions for employee benefits paid	22	(42,639,218)	(82,251,793)	(14,375,300)	(29,256,600)
Transferred (out) in of provisions for employee benefits	22	(1,198,600)	1,208,160	(177,900)	4,757,300
Accrued guarantee deposits		123,623,737	250,266,808	176,400,186	237,752,717
Other non-current liabilities		198,342,725	147,794,379	57,794,037	44,274,370
Net cash generated from operating		45,216,336,633	49,658,403,630	31,854,426,766	31,442,644,582
Income tax paid		(3,989,499,324)	(3,502,425,687)	(1,825,447,600)	(1,630,460,691)
Net cash from operating activities		**41,226,837,309**	**46,155,977,943**	**30,028,979,166**	**29,812,183,891**
Cash flows from investing activities					
Interest received		282,408,856	270,653,328	383,659,483	377,501,890
Dividends received		222,724	182,701	6,521,296,935	5,472,621,331
Acquisition of current investments	7	(1,955,783,272)	(2,030,841,607)	-	-
Proceeds from sale of current investments	7	1,872,481,447	2,021,402,472	-	-
Cash outflow on short-term loans to subsidiaries	5	-	-	(1,600,000,000)	(610,000,000)
Proceeds from repayment of short-term loans to subsidiaries	5	-	-	450,000,000	735,000,000
Cash outflow on investments in subsidiaries	12	-	-	(999,970)	(1,296,819,985)
Acquisition of other long-term investments		(576,900)	-	-	-
Acquisition of property, plant and equipment	39	(14,434,171,788)	(15,976,344,273)	(8,194,409,744)	(8,029,604,403)
Proceeds from sale of property, plant and equipment		203,985,803	166,686,200	142,843,113	122,015,956
Acquisition of leasehold rights		(394,011,215)	(1,066,731,257)	(145,602,131)	(108,386,187)
Proceeds from sale of leasehold rights		13,340,653	13,120,816	13,191,499	13,075,816
Acquisition of other intangible assets	39	(943,154,123)	(1,060,471,319)	(279,870,575)	(450,626,949)
Proceeds from sale of other intangible assets		1,334,864	2,284,359	-	71,640
Net cash outflows on acquisition of subsidiaries	4	-	(2,720,264,199)	-	-
Net cash used in investing activities		**(15,353,922,951)**	**(20,380,322,779)**	**(2,709,891,390)**	**(3,775,150,891)**

The accompanying notes are an integral part of these financial statements.

	Note	Consolidated financial statements For the year ended 31 December 2018	2017	Separate financial statements For the year ended 31 December 2018	2017
			(in Baht)		
Cash flows from financing activities					
Interest paid		(7,200,771,650)	(8,325,271,533)	(6,861,639,814)	(8,060,101,896)
Interest paid on subordinated perpetual debentures	*26*	(1,000,000,000)	(500,000,000)	(1,000,000,000)	(500,000,000)
Dividends paid to equity holders of the Company		(9,880,995,369)	(8,982,782,893)	(9,880,995,369)	(8,982,782,893)
Dividends paid to non-controlling interests		(189,882,054)	(90,654,511)	-	-
Payment by a lessee for reduction of the outstanding liabilities relating to a finance lease	*19*	(183,604,902)	(180,596,740)	-	-
(Decrease) increase in short-term borrowings from financial institutions	*19*	(742,946,098)	434,669,640	-	-
Proceeds from issue of debentures	*19*	-	25,500,000,000	-	25,500,000,000
Repayment of debentures	*19*	(14,747,000,000)	(50,033,900,000)	(14,747,000,000)	(50,033,900,000)
Proceeds from long-term borrowings from financial institutions	*19*	5,002,261,007	3,827,523,498	-	-
Repayment of long-term borrowings from financial institutions	*19*	(2,047,595,101)	(2,006,244,124)	-	-
Proceeds from issue of subordinated perpetual debentures	*26*	-	9,956,229,700	-	9,956,229,700
Proceeds from called for paid-up share capital from subsidiaries		145,289,030	281,515,815	-	-
Proceeds from changes in ownership interest in subsidiary without a change in control	*12*	10,130,912,000	-	10,130,912,000	-
Net cash used in financing activities		**(20,714,333,137)**	**(30,119,511,148)**	**(22,358,723,183)**	**(32,120,555,089)**
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates		5,158,581,221	(4,343,855,984)	4,960,364,593	(6,083,522,089)
Effect of exchange rate changes on cash and cash equivalents		(14,278,350)	(220,503,922)	-	-
Net increase (decrease) in cash and cash equivalents		**5,144,302,871**	**(4,564,359,906)**	**4,960,364,593**	**(6,083,522,089)**
Cash and cash equivalents at 1 January		28,878,805,807	33,443,165,713	17,651,393,427	23,734,915,516
Cash and cash equivalents at 31 December	*6*	**34,023,108,678**	**28,878,805,807**	**22,611,758,020**	**17,651,393,427**

The accompanying notes are an integral part of these financial statements.

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 21 February 2019.

1 General information

CP ALL Public Company Limited, the "Company", is incorporated in Thailand and has its registered office at 313 C.P. Tower, 24th Floor, Silom Road, Kwang Silom, Khet Bangrak, Bangkok 10500, Thailand.

The Company was listed on the Stock Exchange of Thailand on 14 October 2003.

The major shareholder of the Company and its subsidiaries (together referred to as the "Group") during the financial year was Charoen Pokphand Group of companies.

The principal businesses of the Group are operating convenience stores, cash and carry, payment centers and the related supporting services.

The Company operates convenience stores under the "7-Eleven" trademark and franchises to other retailers in the territory of Thailand. The number of 7-Eleven convenience stores as at 31 December 2018 was 10,988 stores *(2017: 10,268 stores)*.

	2018	2017
	(number of stores)	
The Company owns and manages convenience stores	4,894	4,530
The Company franchises the license to other retailers		
- under management agreements	5,336	5,017
- under sub-license agreements	758	721
Total	**10,988**	**10,268**

Details of the Company's subsidiaries as at 31 December 2018 and 2017 are given in note 12 to the financial statements.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards ("TFRS"); guidelines promulgated by the Federation of Accounting Professions ("FAP"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 43 to the financial statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise stated in these accounting policies.

(c) Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the year ending 31 December 2019 is included in the following notes to the financial statements:

Notes 14, 15 and 16	Impairment test: key assumptions underlying recoverable amounts; and
Note 22	Measurement of defined benefit obligations: key actuarial assumptions

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer (CFO).

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follow:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as selling prices) or indirectly (i.e. derived from prices).
- Level 3: unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 4 and 38 to the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The Group controls an entity when it is exposed to, or has right to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred is measured as the fair values of the assets transferred, liabilities incurred by the Group to the previous equity holders of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at fair value or at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign entities

The assets and liabilities of foreign entities are translated to Thai Baht at the exchange rates at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on the transaction dates.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translating are recognised in other comprehensive income and presented in the exchange differences on translating financial statement reserve in equity until disposal of the investments, except to extent that the translation difference is allocated to non-controlling interests.

When a foreign entity is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign entity is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign entity is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign entity and are recognised in other comprehensive income, and presented in the exchange differences on translating financial statement reserve in equity until disposal of the investment.

(c) Derivatives

Derivatives are used to manage exposure to foreign exchange arising from operational, financing and investment activities. Derivatives are not used for trading purposes.

(d) Hedging

Hedge of future foreign currency transactions

Gains and losses from forward exchange contracts used to hedge anticipated future currency transactions are deferred until the forecasted transaction occurs. Where the hedged item is a recognised asset or liability, it is translated at the contracted forward rates.

Foreign currency assets and liabilities hedged by forward exchange contracts are translated to Thai Baht at the contracted forward exchange rates and the forward premium/discount is amortised as income/expense on a straight-line basis over the forward contract period.

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(f) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principal and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, less purchase discount as specified in the contractual agreements. In the case of manufactured finished goods and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

An allowance for losses of the Group is made for deteriorated, damaged, obsolete and slow-moving inventories and is assessed on analysis of aging of inventory and estimation of shrinkage inventories.

(h) Investments

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

Investments in other debt and equity securities

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments and stated at amortised cost less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Equity securities which are not marketable are stated at cost less any impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(i) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use.

(j) Property, plant and equipment

Recognition and measurement

Owned assets of the Group

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance lease is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and accumulated impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and improvements	3 - 50 years
Leasehold improvements	over the lease period
Machinery and equipment	3 - 15 years
Furniture, fixtures and office equipment	2 - 10 years
Others	
- Electricity and water systems	5 - 20 years
- Vehicles	5 years
- Library book	5 years

No depreciation is provided on freehold land and assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(a) to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets that are acquired by the Group and have indefinite useful lives i.e. intellectual property, business license, etc. are measured at cost less accumulated impairment losses. They are not amortised but tested for impairment annually or more frequently if there is any impairment indicator. The assessment of the classification of intangible assets as indefinite is reviewed annually.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Computer software	2 - 10 years
Intellectual property and business license	indefinite useful lives
Customer base and other	3, 7, 10 and 15 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(l) Leasehold rights

Leasehold rights, acquired by the Group, have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is recognised in the profit or loss. The Company amortises the cost of leasehold rights on a straight-line basis over the periods of the lease agreements between 2 to 33 years.

(m) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost, the reversal is recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Interest-bearing liabilities

Interest-bearing liabilities are recognised as stated in the agreement.

(o) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(p) Employee benefits

Post-employment benefit - defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Post-employment benefit - defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(r) Subordinated perpetual debentures

Subordinated perpetual debentures which are payable upon dissolution are recognised as equity as the Company has the sole right and discretion to early redemption as stipulated in terms and conditions of debentures, and the interest and cumulative interest payment are unconditionally deferred without time and number limitation and payable at the Company's discretion. Accordingly, any interest payments are recognised similar as dividends and directly in equity when payment obligation arises. Interest payments are presented in the statement of cash flows at the same way as dividends paid to ordinary shareholders.

(s) Revenues

Revenue excludes value added taxes or other sales taxes and is arrived at after deduction of trade discounts and volume rebates.

Sales of goods and services rendered

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. The Group will not recognise revenue if there is continuing control or management involvement with the goods sold or there are significant uncertainties regarding the measurement of consideration due and associated costs, or the probable return of goods. Service income is recognised as services are provided.

Initial fees, royalties and exclusivity fees

The Company recognises the initial fee obtained under the Management Agreements of the 7-Eleven convenience stores upon completion of the required services for the franchisees.

The Company recognises the royalty fee arising from the license for operating its 7-Eleven convenience stores over the period of the Management Agreements.

The Company has agreements with the merchandise suppliers to purchase their products to distribute in the 7-Eleven convenience stores. Under the terms of the agreements, the Company is entitled to charge exclusivity fees for the goods as specified in the agreements. In case of violation or cancellation of the agreements by the Company without reasonable cause, the suppliers have rights to a refund of such exclusivity fees according to the valuation of remaining period. But in case of cancellation of the agreements by the merchandise suppliers, such exclusivity fees are non-refundable. The Company recognises the exclusivity fees as income over the periods of agreements.

Customer loyalty programmes

The Group has customer loyalty programmes whereby customers are awarded credits (Points) entitling customers to the right to purchase products from the Group at a discount or qualify for a free gift. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the Points and the other components of the sale. The amount allocated to the Points is estimated by reference to the fair value of the right to purchase products at a discount or fair value of the free gift. The fair value is estimated based on the amount of the discount adjusted to take into account the expected forfeiture rate. Such amount is deferred and revenue is recognised only when the Points are redeemed and the Group has fulfilled its obligations to supply the products. The amount of revenue recognised in those circumstances is based on the number of Points that have been redeemed in exchange for discounted products or gift, relative to the total number of Points that is expected to be redeemed. Deferred revenue is also released to profit or loss when it is no longer considered probable that the Points will be redeemed.

Other income

Other operating income and interest income are recognised in profit or loss on a accrual basis. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established, which in the case of quoted securities is usually the ex-dividend date.

(t) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

(u) Operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(v) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(w) Earnings per share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company less cumulative interest for the year on subordinated perpetual debentures whether it has been accrued or not by the weighted average number of ordinary shares outstanding during the year.

(x) Segment reporting

Segment results that are reported to the chairman of the executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Business combination by acquisition of shares

At the Board of Directors' meeting of a local subsidiary (Siam Makro Public Company Limited ("Siam Makro")) held on 8 August 2016, the subsidiary's Board of Directors approved Siam Food Services Limited ("SFS"), a wholly-owned subsidiary of Siam Makro to enter into a sale and purchase agreement dated 31 October 2016 with non-related persons of Siam Makro (the "sellers") for an acquisition of ordinary shares at 80% shareholding each of 4 companies, which are engaging in food services business, namely Indoguna (Singapore) Pte Ltd (a company incorporated in Singapore), Indoguna Dubai L.L.C (a company incorporated in the United Arab Emirates), Just Meat Company Limited and Indoguna Lordly Company Limited (both companies incorporated in Hong Kong Special Administrative Region of the People's Republic of China), with a cash payment amounting to SGD 110.6 million, which is equivalent to Baht 2,744 million (exchange rate of Baht 24.81: SGD 1). SFS has accomplished the terms according to the sale and purchase agreement and the share transfer has been completed on 26 January 2017 ("the acquisition date"). Conditionally, within 90 days from the acquisition date, SFS can propose the adjusted acquisition value ("the additional acquisition value") in accordance with the terms of the sale and purchase agreement. On 27 June 2017, SFS and the sellers agreed to adjust value of additional acquisition value amounting to Baht 101 million; and the payment was completed on 17 July 2017. In addition, SFS still have an obligation to make a contingent consideration in accordance with EBITDA as stipulated in the agreement.

On 26 January 2017 ("the acquisition date"), SFS has control over the 4 subsidiaries, details are as follows:

	Number of direct holding shares	(%)	Number of indirect holding shares	(%)	Total holding shares	(%)
Indoguna (Singapore) Pte Ltd						
- Ordinary shares	985,263	80	-	-	985,263	80
Total	**985,263**	**80**	**-**	**-**	**985,263**	**80**
Indoguna Dubai L.L.C						
- Ordinary shares	117	39	123*	41*	240	80
Total	**117**	**39**	**123**	**41**	**240**	**80**
Just Meat Company Limited						
- Ordinary shares	800	80	-	-	800	80
Total	**800**	**80**	**-**	**-**	**800**	**80**
Indoguna Lordly Company Limited						
- Ordinary shares	8,000	80	-	-	8,000	80
Total	**8,000**	**80**	**-**	**-**	**8,000**	**80**

* Owned by nominee holders.

The Group has applied Thai Financing Reporting Standards ("TFRS") No. 3 (revised 2016) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of identifiable assets acquired and liabilities assumed.

Consideration transferred and transferable

	(in million Baht)
Cash paid	2,845
Contingent consideration as stipulated in the agreement	232
Total	**3,077**

Contingent consideration

As stipulated in the agreement, SFS agreed to make an additional contingent consideration to the seller when the seller achieves targeted EBITDA.

SFS recorded contingent consideration determined by the best estimate, amounting to Baht 232 million (fair value at the acquisition date), based on discount rates at 2.06% per annum in 2018 and 2.12% per annum in 2019. However, in 2017 and 2018 the seller did not achieve EBITDA conditions as stipulated in the agreement. It has effect to decrease in contingent consideration amounting to Baht 232 million of the consolidated financial statements for the year ended 31 December 2018.

The following tables show the valuation technique and the key unobservable inputs used in the determination of fair value of the contingent consideration.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of conditions as stipulate in the agreement, the amount to be paid under each scenario, and the probability of each scenario.	• Risk-adjusted discount rate (at 2.06% per annum and 2.12% per annum) • Forecast EBITDA margin	• The estimated fair value would increase if the risk-adjusted discount rate was lower. • The estimated fair value will be decreased if the EBITDA will not achieve in accordance with conditions stipulated in the agreement.

For the fair value of contingent consideration, changing one or more of the significant unobservable inputs used to reasonably possible alternative assumptions would have the effects. These effects have been calculated by recalibrating the values from the valuation technique using alternative estimates of unobservable inputs that might reasonably have been considered by a market participant to price the contingent consideration at the end of the reporting date. Any interrelationship between the unobservable inputs is not considered to have a significant impact within the range of reasonably possible alternative assumptions.

During the year 2017 the Group engaged an independent appraiser to appraise the fair value of identifiable assets acquired and liabilities assumed, and allocation of acquisition-date fair value at the acquisition date. The independent appraiser completed the process of appraising the fair value on 27 December 2017. The principle factors that contributed to goodwill are the synergy benefits from the exchange of knowledge and skills among personel, which increase the operating efficiency of the Group, and product development. Moreover, centralisation will create economies of scale, which in turn generates cost efficiency, especially in distribution centers. Goodwill from the business acquisitions will not qualify for any tax deduction.

For the preparation of the consolidated financial statements for the year ended 31 December 2017, the Group has considered the fair values of the identifiable assets acquired and liabilities assumed from the business acquisitions and recorded the difference between the purchasing price and values of the assets and liabilities in the account "Goodwill" amounting to Baht 2,256 million by considering the information from the report of the independent appraiser dated 27 December 2017 and other relevant information obtained within one year after the acquisition date. Therefore, the consolidated statement of financial position as at 31 December 2017 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended have been restated accordingly.

Identifiable assets acquired and liabilities assumed

	Fair value *(in million Baht)*
Cash and cash equivalents	125
Trade accounts receivable	553
Other current receivables	11
Inventories	340
Other current assets	11
Property, plant and equipment	303
Other intangible assets	512
Short-term borrowings from financial institutions	(379)
Trade accounts payable	(258)
Other payables	(31)
Current portion of long-term borrowings from financial institutions	(7)
Current portion of finance lease liabilities	(4)
Income tax payable	(11)
Other current liabilities	(4)
Long-term borrowings from financial institutions	(25)
Finance lease liabilities	(13)
Provisions for employee benefits	(3)
Deferred tax liabilities	(93)
Net assets	**1,027**
Non-controlling interests of the acquiree (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)	(206)
Goodwill	2,256
Consideration transferred and transferable	**3,077**
Net cash obtained from the acquisition of subsidiaries	125
Cash paid	(2,845)
Net cash outflows as at 31 December 2017	**(2,720)**

The trade receivables comprise gross contractual amounts due of Baht 555 million, of which Baht 2 million was expected to be uncollectible at the acquisition date.

Expenses related to business acquisitions

The Group had expenses related to business acquisitions, which are principally related to legal and due diligence fees, totaling Baht 65 million. The expenses were recorded in the administrative expenses account. The Group recorded a part of the expenses amounting to Baht 17 million in the consolidated statement of income for the year ended 31 December 2016. The remaining expenses amounting to Baht 48 million were recorded in the consolidated statement of income for the year ended 31 December 2017.

Operations of 4 new subsidiaries after acquisition date

In the preparation of the consolidated statement of income for the year ended 31 December 2017, the Group included the operation results of 4 new subsidiaries for the period from 26 January 2017 to 31 December 2017. Significant details are as follows:

	For the period from 26 January 2017 to 31 December 2017 *(in million Baht)*
Revenue from sale of goods	2,455
Profit for the period attributable to equity holders of the Company	51

If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue from sale of goods and rendering of services of the Group and consolidated profit attributable to equity holders of the Company for the year ended 31 December 2017 would have no materially increased.

5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the other party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the other party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries are described in note 12 to the financial statements. Relationships with key management and other related parties were as follows:

Name of parties	Country of incorporation/ nationality	Nature of relationships
Charoen Pokphand Group Company Limited ("CPG")	Thailand	Shareholder of the Company, Company under CPG Group and 2 common directors
C.P. Merchandising Co., Ltd.	Thailand	Shareholder of the Company, Company under CPG Group, 1 common director and one of family member of the Company's director is a major shareholder
Charoen Pokphand Foods Public Company Limited	Thailand	Company under CPG Group and 3 common directors
SM True Co., Ltd.	Thailand	Company under CPG Group and 2 common directors
C.P. Consumer Products Co., Ltd.	Thailand	Company under CPG Group and 1 common director
C.P. Land Public Company Limited	Thailand	Company under CPG Group and 1 common director
CP-Meiji Co., Ltd.	Thailand	Company under CPG Group and 1 common director
CPF (Thailand) Public Company Limited	Thailand	Company under CPG Group and 1 common director

Name of parties	Country of incorporation/ nationality	Nature of relationships
Perfect Companion Group Co., Ltd.	Thailand	Company under CPG Group and 1 common director
True Media Solutions Co., Ltd.	Thailand	Company under CPG Group and 1 common director
C.P. Packaging Industry Co., Ltd.	Thailand	Company under CPG Group and Chearavanont family is major shareholders
EGG Digital Co., Ltd.	Thailand	Company under CPG Group and one of family member of the Company's director is a major shareholder
True Money Co., Ltd.	Thailand	Company under CPG Group and one of family member of the Company's director is a major shareholder
C.P. Tower Growth Leasehold Property Fund	Thailand	Company under CPG Group
CP B&F (Thailand) Company Limited	Thailand	Company under CPG Group
CP B&F Trading Co., Ltd.	Thailand	Company under CPG Group
CPF IT Center Co., Ltd.	Thailand	Company under CPG Group
CPF Food and Beverage Company Limited	Thailand	Company under CPG Group
CPF Restaurant and Food Chain Company Limited	Thailand	Company under CPG Group
CPF Trading Co., Ltd.	Thailand	Company under CPG Group
International Pet Food Co., Ltd.	Thailand	Company under CPG Group
Real Move Co., Ltd.	Thailand	Company under CPG Group
True Digital and Media Platform Co., Ltd.	Thailand	Company under CPG Group
True Distribution and Sales Co., Ltd.	Thailand	Company under CPG Group
True Internet Corporation Co., Ltd.	Thailand	Company under CPG Group
True Move H Universal Communication Co., Ltd.	Thailand	Company under CPG Group
C.P. Food Store Co., Ltd.	Thailand	Chearavanont family is major shareholders
Dees Supreme Co., Ltd.	Thailand	One of family member of the Company's director is a major shareholder
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director of the Group (whether executive or otherwise)

The pricing policies for particular types of transactions with related parties are explained further below:

Transactions	Pricing policies
Sale of goods	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Rendering of services and other operating income	Contract prices determined by the terms and conditions used in the normal course of business
Interest income	Source of fund costs plus capital management expenses
Dividend income	Right to receive dividends
Purchase of goods and services	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Rental and service fees	Rates advised by the lessors and service providers
Technical service fees	Contract prices determined by the terms and conditions used in the normal course of business
Insurance premiums	Standard rates as specified by the insurers
Interest expense	Agreed rates stipulated in the agreements
Purchase of property, plant and equipment	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Purchase of leasehold rights and other intangible assets	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies

Significant transactions for the years ended 31 December 2018 and 2017 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
For the year ended 31 December	2018	2017	2018	2017
	(in million Baht)			
Subsidiaries				
Revenue from sale of goods and rendering of services	-	-	687	681
Interest income	-	-	243	217
Dividend income	-	-	6,521	5,473
Other income	-	-	1,429	1,351
Distribution costs	-	-	1,873	1,267
Administrative expenses	-	-	2,811	2,537
Purchases of goods and services	-	-	23,948	20,948
Purchases of property, plant and equipment and other intangible assets	-	-	1,993	2,459

For the year ended 31 December	Consolidated financial statements 2018	2017	Separate financial statements 2018	2017
	(in million Baht)			
Other related companies				
Revenue from sale of goods and rendering of services	2,152	1,881	517	703
Other income	1,862	1,335	1,733	1,297
Distribution costs	98	65	-	-
Administrative expenses	835	735	660	538
Purchases of goods and services	46,597	40,349	32,800	29,174
Purchases of property, plant and equipment, leasehold rights and other intangible assets	17	57	-	-
Key management personnel				
Key management benefit expenses				
Short-term employee benefits	717	659	491	441
Severance pay for employees	25	13	19	8
Total key management benefit expenses	**742**	**672**	**510**	**449**

Balances as at 31 December 2018 and 2017 with related parties were as follows:

Trade accounts receivable

	Consolidated financial statements 2018	2017	Separate financial statements 2018	2017
	(in million Baht)			
Related companies	631	216	-	-
Less allowance for doubtful accounts	-	-	-	-
Net	**631**	**216**	**-**	**-**
Bad and doubtful debts expense for the year	**-**	**-**	**-**	**-**

Other receivables

	Consolidated financial statements 2018	2017	Separate financial statements 2018	2017
	(in million Baht)			
Current				
Subsidiaries	-	-	755	614
Other related companies	756	623	552	507
Net	**756**	**623**	**1,307**	**1,121**

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Non-current				
Subsidiary	-	-	104	134
Net	**-**	**-**	**104**	**134**
Bad and doubtful debts expense for the year	**-**	**-**	**-**	**-**

During the year 2008 the Company paid for the prepaid rental and service fees under the terms of lease and service agreements to a local subsidiary (Panyapiwat Institute of Management) for lease of its building spaces for field consultant conferences, trade shows, franchisee conferences and other activities for a period of 15 years, totaling Baht 450 million and were recorded in the accounts "other current receivables" and "other non-current receivables". The Company amortises the prepaid rental and service fees as an expense according to the terms of the agreements (15 years).

Short-term loans to subsidiaries

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
CPRAM Co., Ltd.	-	-	5,800	4,250
CP Retailink Co., Ltd.	-	-	50	450
Total	**-**	**-**	**5,850**	**4,700**

All short-term loans to subsidiaries of the Company as at 31 December 2018 and 2017 were denominated entirely in Thai Baht.

Movements during the years ended 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
At 1 January	-	-	4,700	4,825
Increases	-	-	1,600	610
Decreases	-	-	(450)	(735)
At 31 December	**-**	**-**	**5,850**	**4,700**

As at 31 December 2018 the outstanding balance of short-term loans to subsidiaries was unsecured and at call; and the interest rate was fixed at 4.75% per annum. *(2017: 4.75% per annum)*

Investment in related company

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
True GS Co., Ltd.	34	34	34	34
Total	**34**	**34**	**34**	**34**

All investment in related company of the Company as at 31 December 2018 and 2017 was denominated entirely in Thai Baht.

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Subsidiaries	-	-	2,355	2,029
Other related companies	7,730	7,797	4,919	5,318
Net	**7,730**	**7,797**	**7,274**	**7,347**

Other payables

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Subsidiaries	-	-	11,122	9,699
Other related companies	250	132	40	52
Net	**250**	**132**	**11,162**	**9,751**

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Within one year	211	182	143	122
After one year but within five years	126	249	-	119
After five years	135	144	-	-
Total	**472**	**575**	**143**	**241**

The Group has lease agreements covering lease of buildings, vehicles and other assets for periods of 1 to 25 years, which will expire between 2019 to 2039.

Significant agreements with related parties

As at 31 December 2018 the Group had the following significant agreements with related parties:

(a) The Company has a service agreement with Charoen Pokphand Group Company Limited, a shareholder of the Company, covering technical advisory, management, technical assistances and right to use the trademark and services of the shareholder for a period of 1 year ending in December 2019. In consideration thereof, the Company agreed to pay a monthly service fee to the shareholder totaling Baht 0.8 million.

(b) The Company has a cash management agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide cash management services under conditions stipulated in the agreement to the subsidiary. In consideration thereof, the subsidiary agreed to pay a cash management service fee to the Company at the rates stipulated in the agreement, and the Company agreed to pay benefits for cash management to the subsidiary at the rate stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.

(c) The Company has service agreements with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreements, the Company agreed to provide and install the computer system to support bill payment services. In consideration thereof, the subsidiary agreed to pay monthly service fees to the Company in accordance with the types of service stipulated in the agreements.

(d) The Company has a service agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to be appointed as the agent of the subsidiary for bill payment services under conditions stipulated in the agreement. In consideration thereof, the subsidiary agreed to pay a service fee to the Company at the amount stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.

(e) The Company has a maintenance service agreement with CP Retailink Co., Ltd., a local subsidiary. Under the terms of the agreement, the subsidiary agreed to provide maintenance of computer hardware and equipment services to the Company for a period of 5 years ending in December 2019. In consideration thereof, the Company agreed to pay an annual service fee to the subsidiary at the amount stipulated in the agreement.

(f) The Company has a computer service center agreement with Thai Smart Card Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide place for setting up computer center and other facilities to the subsidiary for a period of 3 years ending in September 2020. In consideration thereof, the subsidiary agreed to pay an annual service fee to the Company at the amount stipulated in the agreement.

(g) The Company and certain local subsidiaries have lease and service agreements with C.P. Tower Growth Leasehold Property Fund, a related company, to lease space in its buildings for offices of the Company and the subsidiaries. In consideration thereof, the Company and the subsidiaries agreed to pay monthly rental and services fees totaling Baht 15.6 million, and placed guarantee deposits with the related company totaling Baht 38.6 million. The guarantee deposits will be refunded to the Company and the subsidiaries upon the termination of the lease. These agreements are effective for a period of 3 years, and will expire on various dates until August 2021.

(h) The Company and certain local subsidiaries have information system services agreements with Gosoft (Thailand) Co., Ltd. ("the service provider"), a local subsidiary. Under the terms of these agreements, the service provider agreed to provide consulting, advisory, development, design, installation, maintenance and supporting services to the Company and its subsidiaries for a period of 1 year ending in December 2019. In consideration thereof, the Company and its subsidiaries agreed to pay service fees to the service provider at the amounts stipulated in the agreements. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 90 days before the expiry date of the agreement.

(i) The Company has service agreements with Siam Makro Public Company Limited, a local subsidiary, and Makro (Cambodia) Company Limited, a foreign subsidiary. Under the terms of the agreements, the Company agrees to grant the right to use certain trademarks under conditions stipulated in the agreements. In consideration thereof, the subsidiaries are committed to pay a fee, calculated as a percentage of their sales, to the Company as stipulated in the agreements. These agreements are effective for periods of 1 year and 3 years.

(j) A local subsidiary (Siam Makro Public Company Limited) has lease and service agreements with CP Retailink Co., Ltd., a local subsidiary ("the party"). Under the terms of these agreements, the subsidiary agreed to provide space for trading and related services to the party. In consideration thereof, the party agreed to pay monthly rental and services fees, and placed guarantee deposits with the subsidiary as stipulated in the agreement. The guarantee deposits will be refunded to the party upon the termination of the lease. These agreements are effective for a period of 3 years, and will expire on various dates until December 2021.

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Cash on hand	16,399	13,024	13,148	10,904
Cash at financial institutions - current accounts	2,953	3,448	1,664	2,270
Cash at financial institutions - savings accounts	13,633	9,823	7,800	4,477
Highly liquid short-term investments	1,038	2,584	-	-
Total	**34,023**	**28,879**	**22,612**	**17,651**

7 Current investments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Cash at financial institutions - time deposits	97	15	-	-
Promissory notes	1,370	1,370	-	-
Total	**1,467**	**1,385**	**-**	**-**

Movements during the years ended 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
At 1 January	1,385	1,376	-	-
Increases	1,956	2,031	-	-
Decreases	(1,872)	(2,021)	-	-
Unrealised loss on exchange rates from translation of outstanding foreign current investments balance to Thai Baht	(1)	-	-	-
Exchange differences on translating financial statement	(1)	(1)	-	-
At 31 December	**1,467**	**1,385**	**-**	**-**

Current investments have interest rates ranging from 1.50% to 3.12% per annum *(2017: ranging from 1.25% to 3.80% per annum).*

8 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in million Baht)			
Related parties	5	631	216	-	-
Other parties		1,439	1,412	66	124
Total		**2,070**	**1,628**	**66**	**124**
Less allowance for doubtful accounts		(30)	(27)	-	-
Net		**2,040**	**1,601**	**66**	**124**
Bad and doubtful debts expense for the year		**7**	**10**	**-**	**-**

Aging analyses for trade accounts receivable are as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in million Baht)			
Related parties					
Within credit terms		577	166	-	-
Overdue:					
Less than 3 months		36	46	-	-
3 - 6 months		16	3	-	-
6 - 12 months		-	1	-	-
Over 12 months		2	-	-	-
Total		**631**	**216**	**-**	**-**
Less allowance for doubtful accounts		-	-	-	-
Net	5	**631**	**216**	**-**	**-**

	Note	Consolidated financial statements 2018	Consolidated financial statements 2017	Separate financial statements 2018	Separate financial statements 2017
			(in million Baht)		
Other parties					
Within credit terms		1,008	1,039	66	124
Overdue:					
Less than 3 months		351	305	-	-
3 - 6 months		50	20	-	-
6 - 12 months		12	29	-	-
Over 12 months		18	19	-	-
Total		**1,439**	**1,412**	**66**	**124**
Less allowance for doubtful accounts		(30)	(27)	-	-
Net		**1,409**	**1,385**	**66**	**124**
Grand total		**2,040**	**1,601**	**66**	**124**

The normal credit term granted by the Group ranges from 7 days to 90 days.

9 Other receivables

	Note	Consolidated financial statements 2018	Consolidated financial statements 2017	Separate financial statements 2018	Separate financial statements 2017
			(in million Baht)		
Related parties	*5*	**756**	**623**	**1,411**	**1,255**
Other parties					
Accrued income		3,271	3,055	1,429	1,292
Prepaid expenses		2,330	2,014	1,288	1,212
Other receivables		1,815	1,702	1,689	1,577
Receivable from Revenue Department		478	558	228	421
Other		185	184	4	11
		8,079	**7,513**	**4,638**	**4,513**
Total		**8,835**	**8,136**	**6,049**	**5,768**
Less allowance for doubtful accounts		(30)	(26)	(13)	(9)
Net		**8,805**	**8,110**	**6,036**	**5,759**
Current		7,407	6,712	4,929	4,642
Non-current		1,398	1,398	1,107	1,117
Total		**8,805**	**8,110**	**6,036**	**5,759**
Bad and doubtful debts expense for the year		**8**	**8**	**7**	**7**

The normal credit term granted by the Group ranges from 7 days to 90 days.

10 Inventories

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Finished goods	28,760	26,755	13,625	13,123
Work in progress	105	106	-	-
Raw materials	542	448	-	-
Goods in transit	607	764	-	-
Total	**30,014**	**28,073**	**13,625**	**13,123**
Less allowance for losses on decline in value of inventories	(444)	(697)	(166)	(399)
Net	**29,570**	**27,376**	**13,459**	**12,724**

The cost of inventories which is recognised as an expense and presented as part of the account "Cost of sale of goods and rendering of services" consisted of:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Cost of sale of goods and rendering of services				
Cost of inventories	391,802	363,292	223,377	200,549
Reversal of allowance for losses on decline in value of inventories	(253)	(31)	(233)	(33)
Total	**391,549**	**363,261**	**223,144**	**200,516**

The cost of inventories which is recognised as an expense and presented as part of the account "Distribution costs" in the statements of income for the year ended 31 December 2018 amounted to Baht 2,267 million *(2017: Baht 2,253 million)* in the consolidated financial statements, and Baht 2,257 million *(2017: Baht 2,251 million)* in the separate financial statements.

11 Other current assets

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Cash card	240	318	240	318
Office supplies	50	54	42	43
Leasehold rights	125	122	12	19
Other	72	127	-	-
Total	**487**	**621**	**294**	**380**

12 Investments in subsidiaries

Movements during the years ended 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
At 1 January	-	-	206,833	205,537
Increases	-	-	1	1,296
Decrease	-	-	(9,224)	-
At 31 December	**-**	**-**	**197,610**	**206,833**

Details of the increases (decrease) in investments in subsidiaries during the years ended 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Siam Makro Public Company Limited	-	-	(9,224)	-
ALL Wellness Co., Ltd.	-	-	1	-
Lotus Distribution Investment Limited	-	-	-	1,259
All Corporation Limited	-	-	-	37
Total	**-**	**-**	**(9,223)**	**1,296**

Partial disposal of interest in a subsidiary without a change in control

On 28 March 2018 ("the date of sale"), the Company had partial disposal 4.80% of total issued and paid-up ordinary shares of a subsidiary (Siam Makro Public Company Limited) for Baht 10,131 million in cash, reducing its ownership interest from 97.88% to 93.08% without a change in control over the subsidiary. The Group recognised an increase in non-controlling interests of Baht 9,897 million and surplus from changes in ownership interest in subsidiary of Baht 81 million, net of disposal cost of Baht 106 million and income tax expense of Baht 47 million. The Company had the gain on sale of investment in the separate financial statements of totaling Baht 907 million.

Additional investments

On 9 August 2018, the Company's Board of Directors approved to set up a local subsidiary (ALL Wellness Co., Ltd.) which has 99.99% ownership interest by the Company. The subsidiary has an initial authorised share capital of Baht 1 million and called for fully paid-up share capital. The registration was completed in August 2018.

During the fourth quarter of 2017, a foreign subsidiary (Lotus Distribution Investment Limited) collected from the called for additional paid-up share capital of United States Dollars 38 million; from United States Dollars 206 million to United States Dollars 244 million.

During the third quarter of 2017, a local subsidiary (All Corporation Limited) collected from the called for additional paid-up share capital Baht 37 million; from Baht 13 million to Baht 50 million.

Investments in subsidiaries as at 31 December 2018 and 2017, and dividend income for the years then ended were as follows:

Name of parties	Type of business	Country of incorporation	Separate financial statements							
			Ownership interests		Paid-up capital		At cost		Dividend income	
			2018	2017	2018	2017	2018	2017	2018	2017
			(%)				*(in million Baht)*			
Local direct subsidiaries										
Suksapiwat Co., Ltd.	Holding company	Thailand	99.99	99.99	810	810	810	810	94	-
CPRAM Co., Ltd.	Frozen food plant and bakery	Thailand	99.99	99.99	600	600	600	600	-	-
Counter Service Co., Ltd	Bill payment services, e-commerce, distributor of all types of commercial cards and tickets and insurance broker	Thailand	99.99	99.99	100	100	91	91	1,000	868
All Corporation Limited	Holding company	Thailand	99.99	99.99	50	50	50	50	-	-
24 Shopping Co., Ltd.	Distributor of catalog merchandises and e-commerce	Thailand	99.99	99.99	30	30	30	30	300	-
CP Retailink Co., Ltd.	Distributor of equipment for retailing and software development	Thailand	99.99	99.99	20	20	20	20	-	-
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99	20	20	20	20	400	150

Separate financial statement *(Continued)*

Name of parties	Type of business	Country of incorporation	Ownership interests		Paid-up capital		At cost		Dividend income	
			2018	2017	2018	2017	2018	2017	2018	2017
			(%)				*(in million Baht)*			
OHT Co., Ltd.	Holding company	Thailand	99.99	99.99	12	12	57,754	57,754	1,318	1,159
Dynamic Management Co., Ltd.	Logistics and distribution of merchandises services	Thailand	99.99	99.99	2	2	2	2	-	-
All Training Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	220	220
ALL Wellness Co., Ltd.	Digital innovation healthcare services and consultation by medical specialists	Thailand	99.99	-	1	-	1	-	-	-
MAM Heart Co., Ltd.	Marketing activities planning services	Thailand	99.99	99.99	1	1	1	1	10	10
Panyatara Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	30	120
Thai Smart Card Co., Ltd.	Smart purse card services	Thailand	72.64	72.64	1,600	1,600	1,151	1,151	-	-
Siam Makro Holding (Thailand) Ltd.	Holding company	Thailand	49.00	49.00	1,066	1,066	55,490	55,490	1,266	1,114
Siam Makro Public Company Limited	Cash and carry	Thailand	38.07	42.87	2,400	2,400	73,203	82,427	1,883	1,832
Total							**189,225**	**198,448**	**6,521**	**5,473**

Separate financial statements *(Continued)*

Name of parties	Type of business	Country of incorporation	Ownership interests		Paid-up capital		At cost		Dividend income	
			2018	2017	2018	2017	2018	2017	2018	2017
			(%)		*(in million United States Dollars)*		*(in million Baht)*			
Foreign direct subsidiaries										
Lotus Distribution Investment Limited	Holding company	British Virgin Islands	100.00	100.00	244	244	8,385	8,385	-	-
Albuera International Limited	Holding company	British Virgin Islands	100.00	100.00	-*	-*	-*	-*	-	-
Total							**8,385**	**8,385**	**-**	**-**
Grand total							**197,610**	**206,833**	**6,521**	**5,473**

** As at 31 December 2018 Albuera International Limited ("Albuera") had paid-up capital amounting to United States Dollar 1 and the Company invested in Albuera amounting to United States Dollar 1.*

Details of the Company's indirect subsidiaries as at 31 December 2018 and 2017 were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interests 2018	Ownership interests 2017
			(%)	
Local indirect subsidiaries				
CP Foodlab Co., Ltd.	Research and development service, and microbiologic and scientific laboratory services	Thailand	99.99	99.99
Panyapiwat Institute of Management	Educational institution	Thailand	99.99	99.99
Panyapiwat Institute of Management Demonstration School	Educational institution	Thailand	99.99	99.99
Panyapiwat Technological College	Educational institution	Thailand	99.99	99.99
Makro ROH Co., Ltd.	Providing technical and supporting services to the Group	Thailand	93.07	97.88
ProMart Co., Ltd.	Trading of non-food products	Thailand	93.07	97.88
Siam Food Services Limited	Importing and trading of food products from international and domestic sources and providing freight, delivery rental and storage services	Thailand	93.07	97.88
Siam Makro Public Company Limited	Cash and carry	Thailand	55.01	55.01
Siam Makro Holding (Thailand) Ltd.	Holding company	Thailand	50.99	50.99

Name of parties	Type of business	Country of incorporation	Ownership interests 2018	2017
			(%)	
Foreign indirect subsidiaries				
Nanjing Tech University Pujiang Institute	Educational institution	The People's Republic of China	100.00	100.00
Nanjing Tech University Pujiang Institute Educational Development Fund	Educational development fund	The People's Republic of China	100.00	100.00
Nanjing Tianqu Investment Management Co., Ltd.	Commercial trading, holding of educational institution	The People's Republic of China	100.00	100.00
Nanjing Zheng Yi Xin Trading Co., Ltd.	Commercial trading	The People's Republic of China	100.00	100.00
Successor (China) Investments Limited	Holding company	The People's Republic of China	100.00	100.00
Successor Investments Limited	Holding company	Hong Kong Special Administrative Region of the People's Republic of China	100.00	100.00
Indoguna Vina Food Service Company Limited	Trading and distribution, and import and export food products	Vietnam	93.08	97.88
ARO Commercial Company Limited	Wholesale and retail operator and related business	Republic of the Union of Myanmar	93.07	-
ARO Company Limited	Providing marketing and consulting services	Republic of the Union of Myanmar	93.07	97.88
CP Wholesale India Private Limited	Wholesale and related business	India	93.06	97.87
Makro (Guangzhou) Food Company Limited	Wholesale and retail operator and related business	The People's Republic of China	93.06	97.87

Name of parties	Type of business	Country of incorporation	Ownership interests 2018	2017
			(%)	
Foreign indirect subsidiaries (Continued)				
Indoguna (Singapore) Pte Ltd	Manufacturing, trading, importing and exporting of food related products	Singapore	74.46	78.30
Indoguna Dubai L.L.C*	Importing and trading of food related products	United Arab Emirates	74.46	78.30
Indoguna Lordly Company Limited	Importing and trading of food related products	Hong Kong Special Administrative Region of the People's Republic of China	74.46	78.30
Just Meat Company Limited	Importing and trading of food related products	Hong Kong Special Administrative Region of the People's Republic of China	74.46	78.30
MAXZI THE GOOD FOOD RESTAURANT & CAFE L.L.C*	Restaurant and minimart	United Arab Emirates	74.46	78.30
Indoguna (Cambodia) Company Limited	Importing and trading of food related products	Cambodia	65.15	68.52
Makro (Cambodia) Company Limited	Wholesale and retail operator and related business	Cambodia	65.15	68.52

* The Group interest is 74.46% after taking account of nominee holdings. *(2017: 78.30%)*

13 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest:

	31 December 2018				
	Siam Makro Public Company Limited	**Thai Smart Card Co., Ltd.**	**Intra-group eliminations**	**Fair value adjustment**	**Total**
			(in million Baht)		
Non-controlling interests percentage	6.92	27.36			
Current assets	22,999	2,235			
Non-current assets	39,067	237			
Current liabilities	(34,094)	(963)			
Non-current liabilities	(8,715)	(23)			
Net assets	**19,257**	**1,486**			
Carrying amount of non-controlling interests	11,826*	407	(1)	2,756	**14,988**
Revenue	192,930	304			
Profit	5,873	30			
Other comprehensive income	(164)	(1)			
Total comprehensive income	**5,709**	**29**			
Profit allocated to non-controlling interests	264*	8	(1)	(18)	**253**
Other comprehensive income allocated to non-controlling interests	(14)*	-	-	-	**(14)**
Cash flows from operating activities	6,012	56			
Cash flows from investing activities	(2,866)	(52)			
Cash flows from financing activities	(2,221)	-			
Dividends paid to non-controlling interests	(190)	-			
Net increase in cash and cash equivalents	**735**	**4**			

* The carrying amount of non-controlling interests included non-controlling interests of indirect subsidiaries. These indirect subsidiaries are not wholly-owned by the intermediate subsidiary.

	31 December 2017				
	Siam Makro Public Company Limited	**Thai Smart Card Co., Ltd.**	**Intra-group eliminations**	**Fair value adjustment**	**Total**
			(in million Baht)		
Non-controlling interests percentage	2.12	27.36			
Current assets	20,413	2,194			
Non-current assets	38,563	231			
Current liabilities	(37,118)	(947)			
Non-current liabilities	(3,847)	(22)			
Net assets	**18,011**	**1,456**			
Carrying amount of non-controlling interests	871*	398	-	3,627	**4,896**
Revenue	186,754	311			
Profit	6,147	49			
Other comprehensive income	(93)	(1)			
Total comprehensive income	**6,054**	**48**			
Profit allocated to non-controlling interests	100*	13	4	(6)	**111**
Other comprehensive income allocated to non-controlling interests	(19)*	-	-	-	**(19)**
Cash flows from operating activities	11,928	65			
Cash flows from investing activities	(6,467)	(66)			
Cash flows from financing activities	(3,559)	-			
Dividends paid to non-controlling interests	(91)	-			
Net increase (decrease) in cash and cash equivalents	**1,811**	**(1)**			

14 Property, plant and equipment

	Note	Consolidated financial statements						
		Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Other	Total
					(in million Baht)			
Cost								
At 1 January 2017		41,086	41,582	33,101	16,906	7,252	6,344	146,271
Additions		685	327	3,087	2,346	9,353	281	16,079
Acquisition through business combination	*4*	-	176	88	4	-	35	303
Transfers		-	7,475	2,670	169	(11,238)	947	23
Disposals		-	(492)	(950)	(1,852)	-	(105)	(3,399)
Exchange differences on translating financial statement		-	(21)	(8)	(4)	(91)	(3)	(127)
At 31 December 2017 and 1 January 2018		**41,771**	**49,047**	**37,988**	**17,569**	**5,276**	**7,499**	**159,150**
Additions		1,089	428	3,043	2,276	8,124	200	15,160
Transfers		-	3,505	1,086	120	(5,261)	550	-
Disposals		(3)	(1,239)	(1,142)	(1,428)	(2)	(252)	(4,066)
Exchange differences on translating financial statement		-	(190)	(15)	(16)	(197)	(4)	(422)
At 31 December 2018		**42,857**	**51,551**	**40,960**	**18,521**	**7,940**	**7,993**	**169,822**

Consolidated financial statements *(Continued)*

	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Other	Total
				(in million Baht)			
Accumulated depreciation and accumulated impairment losses							
At 1 January 2017	-	(14,572)	(19,159)	(9,788)	(2)	(3,623)	(47,144)
Depreciation charge for the year	-	(2,259)	(3,706)	(2,113)	-	(666)	(8,744)
Impairment losses	-	(3)	(1)	-	-	-	(4)
Transfers	-	2	-	-	-	-	2
Disposals	-	381	908	1,736	-	98	3,123
Exchange differences on translating financial statement	-	4	3	2	-	2	11
At 31 December 2017 and 1 January 2018	**-**	**(16,447)**	**(21,955)**	**(10,163)**	**(2)**	**(4,189)**	**(52,756)**
Depreciation charge for the year	-	(2,377)	(4,052)	(2,344)	-	(734)	(9,507)
Impairment losses	-	(1)	(2)	(7)	-	-	(10)
Reversal of impairment losses	-	-	-	-	2	-	2
Disposals	-	1,062	1,096	1,311	-	241	3,710
Exchange differences on translating financial statement	-	15	6	4	-	1	26
At 31 December 2018	**-**	**(17,748)**	**(24,907)**	**(11,199)**	**-**	**(4,681)**	**(58,535)**
Net book value							
At 1 January 2017	**41,086**	**27,010**	**13,942**	**7,118**	**7,250**	**2,721**	**99,127**
At 31 December 2017 and 1 January 2018	**41,771**	**32,600**	**16,033**	**7,406**	**5,274**	**3,310**	**106,394**
At 31 December 2018	**42,857**	**33,803**	**16,053**	**7,322**	**7,940**	**3,312**	**111,287**

	Separate financial statements						
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Other	Total
				(in million Baht)			
Cost							
At 1 January 2017	2,654	18,604	11,717	14,257	1,224	5,366	53,822
Additions	431	73	1,913	2,116	3,470	190	8,193
Transfers	-	2,872	114	66	(3,764)	737	25
Disposals	-	(432)	(470)	(1,543)	-	(96)	(2,541)
At 31 December 2017 and 1 January 2018	**3,085**	**21,117**	**13,274**	**14,896**	**930**	**6,197**	**59,499**
Additions	837	209	1,878	2,174	3,457	133	8,688
Transfers	-	2,409	15	22	(2,898)	452	-
Disposals	(1)	(1,149)	(718)	(1,273)	-	(225)	(3,366)
At 31 December 2018	**3,921**	**22,586**	**14,449**	**15,819**	**1,489**	**6,557**	**64,821**
Accumulated depreciation and accumulated impairment losses							
At 1 January 2017	-	(7,821)	(7,830)	(9,332)	-	(3,200)	(28,183)
Depreciation charge for the year	-	(1,413)	(1,510)	(1,872)	-	(555)	(5,350)
Disposals	-	334	456	1,448	-	90	2,328
At 31 December 2017 and 1 January 2018	**-**	**(8,900)**	**(8,884)**	**(9,756)**	**-**	**(3,665)**	**(31,205)**
Depreciation charge for the year	-	(1,450)	(1,652)	(1,985)	-	(617)	(5,704)
Disposals	-	989	694	1,172	-	217	3,072
At 31 December 2018	**-**	**(9,361)**	**(9,842)**	**(10,569)**	**-**	**(4,065)**	**(33,837)**
Net book value							
At 1 January 2017	**2,654**	**10,783**	**3,887**	**4,925**	**1,224**	**2,166**	**25,639**
At 31 December 2017 and 1 January 2018	**3,085**	**12,217**	**4,390**	**5,140**	**930**	**2,532**	**28,294**
At 31 December 2018	**3,921**	**13,225**	**4,607**	**5,250**	**1,489**	**2,492**	**30,984**

As at 31 December 2018 the Group had assets under finance leases with a net book value amounting to Baht 618 million *(2017: Baht 735 million.)*

The gross amount of the Group's and the Company's fully depreciated plant and equipment that were still in use as at 31 December 2018 amounted to Baht 24,807 million *(2017: Baht 22,652 million)* in the consolidated financial statements and Baht 15,138 million *(2017: Baht 14,014 million)* in the separate financial statements respectively.

Security

As at 31 December 2018, the Group's vehicles with total net book value of Baht 2 million *(2017: the Group's plant and equipment with total net book value of Baht 196 million)* were pledged under long-term borrowings from financial institution.

15 Goodwill

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
			(in million Baht)		
Cost					
At 1 January		128,328	126,072	-	-
Acquisition through business combination	*4*	-	2,256	-	-
Decrease in contingent consideration	*4*	(232)	-	-	-
At 31 December		**128,096**	**128,328**	**-**	**-**
Accumulated impairment losses					
At 1 January		-	-	-	-
Impairment losses		-	-	-	-
At 31 December		**-**	**-**	**-**	**-**
Net book value					
At 1 January		**128,328**	**126,072**	**-**	**-**
At 31 December		**128,096**	**128,328**	**-**	**-**

Most of the Goodwill arose from the Company's purchase of shares of Siam Makro Public Company Limited both directly and indirectly, and arose from Siam Makro Public Company Limited's purchase of shares at 80% shareholding each of 4 companies, namely Indoguna (Singapore) Pte Ltd, Indoguna Dubai L.L.C, Just Meat Company Limited and Indoguna Lordly Company Limited (See note 4 to the financial statements).

Impairment testing for carrying amount of goodwill and other intangible assets with indefinite useful life

The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of assets.

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount were as follows:

Discount rate

The discount rate was based on weighted average cost of capital, with average industry cost of debt, risk free rate of 10-year government bond, market risk premium and average industry beta.

Terminal value growth rate

Terminal value growth rate was determined based on average gross domestic product ("GDP") growth rate, inflation rates and growth rates of historical earnings before interest, income tax, depreciation and amortisation ("EBITDA") of Siam Makro Public Company Limited, and of the 4 new subsidiaries.

Budgeted EBITDA

Budgeted EBITDA was based on expectations of future outcomes taking into the past experience, adjusted for the anticipated revenue growth. Revenue growth was projected from past experience and estimate number of new stores, sale growth of new stores and sale growth of same stores of Siam Makro Public Company Limited. The 4 new subsidiaries would develop and maintain their customer satisfaction by rendering high quality products, new product development, and maintenance customer relationship.

Based on the impairment testing, the recoverable amount was estimated to be higher than its carrying amount and no impairment was required to these financial statements.

16 Other intangible assets

		Consolidated financial statements			
	Note	Computer software in use and under development	Intellectual property	Other	Total
			(in million Baht)		
Cost					
At 1 January 2017		4,394	46,072	2,201	52,667
Additions		1,054	-	-	1,054
Acquisition through business combination	*4*	4	449	59	512
Transfers		(25)	-	-	(25)
Disposals		(50)	-	-	(50)
Exchange differences on translating financial statement		(3)	-	(28)	(31)
At 31 December 2017 and 1 January 2018		**5,374**	**46,521**	**2,232**	**54,127**
Additions		883	-	-	883
Transfers		(10)	-	10	-
Disposals		(4)	-	-	(4)
Exchange differences on translating financial statement		(1)	-	(60)	(61)
At 31 December 2018		**6,242**	**46,521**	**2,182**	**54,945**

	Note	Consolidated financial statements *(Continued)* Computer software in use and under development	Intellectual property	Other	Total
			(in million Baht)		
Accumulated amortisation and accumulated impairment losses					
At 1 January 2017		(1,819)	-	(572)	(2,391)
Amortisation charge for the year		(366)	-	(167)	(533)
Impairment losses		(3)	-	-	(3)
Disposals		48	-	-	48
Exchange differences on translating financial statement		1	-	-	1
At 31 December 2017 and 1 January 2018		**(2,139)**	**-**	**(739)**	**(2,878)**
Amortisation charge for the year		(470)	-	(168)	(638)
Reversal of impairment losses		3	-	-	3
Disposals		2	-	-	2
Exchange differences on translating financial statement		1	-	-	1
At 31 December 2018		**(2,603)**	**-**	**(907)**	**(3,510)**
Net book value					
At 1 January 2017		**2,575**	**46,072**	**1,629**	**50,276**
At 31 December 2017 and 1 January 2018		**3,235**	**46,521**	**1,493**	**51,249**
At 31 December 2018		**3,639**	**46,521**	**1,275**	**51,435**

	Separate Financial statements Computer software in use and under development *(in million Baht)*
Cost	
At 1 January 2017	2,125
Additions	452
Transfers	(25)
Disposals	(41)
At 31 December 2017 and 1 January 2018	**2,511**
Additions	292
Disposals	(1)
At 31 December 2018	**2,802**

	Separate Financial statements *(Continued)* Computer software in use and under development *(in million Baht)*
Accumulated amortisation	
At 1 January 2017	(1,040)
Amortisation charge for the year	(183)
Disposals	41
At 31 December 2017 and 1 January 2018	**(1,182)**
Amortisation charge for the year	(227)
Disposals	1
At 31 December 2018	**(1,408)**
Net book value	
At 1 January 2017	**1,085**
At 31 December 2017 and 1 January 2018	**1,329**
At 31 December 2018	**1,394**

The gross amount of the Group's and the Company's fully amortised other intangible assets that were still in use as at 31 December 2018 amounted to Baht 1,763 million *(2017: Baht 1,454 million)* in the consolidated financial statements and Baht 1,290 million *(2017: Baht 1,048 million)* in the separate financial statements respectively.

Security

As at 31 December 2017, the Group's other intangible assets with total net book value of Baht 12 million were pledged under long-term borrowings from financial institution. During the year 2018, the Group's assets under the pledge were redeemed.

17 Deferred income tax

Deferred tax assets and liabilities as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Deferred tax assets	1,002	915	459	428
Deferred tax liabilities	(15,088)	(15,170)	-	-
Net	**(14,086)**	**(14,255)**	**459**	**428**

Movements in deferred tax assets and liabilities during the years ended 31 December 2018 and 2017 were as follows:

	Consolidated financial statements			
		(Charged)/ credited to		
	At 1 January 2018	profit or loss *(Note 34)*	other comprehensive income	**At 31 December 2018**
		(in million Baht)		
Deferred tax assets (liabilities)				
Trade accounts receivable and other receivables	8	(1)	-	7
Inventories	197	(53)	-	144
Property, plant and equipment	66	(118)	-	(52)
Provisions for employee benefits	518	83	9	610
Fair value adjustment assets acquired through business combinations	(15,170)	82	-	(15,088)
Other	126	167	-	293
Total	**(14,255)**	**160**	**9**	**(14,086)**

	Consolidated financial statements				
		(Charged)/ credited to			
	At 1 January 2017	profit or loss	other comprehensive income *(Note 34)*	Acquisition through business combination *(Note 4)*	**At 31 December 2017**
			(in million Baht)		
Deferred tax assets (liabilities)					
Trade accounts receivable and other receivables	7	1	-	-	8
Inventories	233	(36)	-	-	197
Property, plant and Equipment	53	13	-	-	66
Provisions for employee Benefits	461	47	10	-	518
Tax losses	15	(15)	-	-	-
Fair value adjustment assets acquired through business combinations	(15,154)	77	-	(93)	(15,170)
Other	69	57	-	-	126
Total	**(14,316)**	**144**	**10**	**(93)**	**(14,255)**

	Separate financial statements			
		(Charged)/ credited to		
	At 1 January 2018	profit or loss	other comprehensive income	At 31 December 2018
		(Note 34)		
		(in million Baht)		
Deferred tax assets				
Other receivables	2	-	-	2
Inventories	80	(47)	-	33
Property, plant and equipment	24	-	-	24
Provisions for employee benefits	307	71	7	385
Other	15	-	-	15
Total	**428**	**24**	**7**	**459**

	Separate financial statements			
		(Charged)/ credited to		
	At 1 January 2017	profit or loss	other comprehensive income	At 31 December 2017
		(Note 34)		
		(in million Baht)		
Deferred tax assets				
Other receivables	2	-	-	2
Inventories	86	(6)	-	80
Property, plant and equipment	24	-	-	24
Provisions for employee benefits	279	24	4	307
Other	6	9	-	15
Total	**397**	**27**	**4**	**428**

18 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
		(in million Baht)		
Guarantee deposits	1,002	922	1,174	1,103
Other	52	76	-	-
Total	**1,054**	**998**	**1,174**	**1,103**

19 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Current				
Short-term borrowings from financial institutions				
Promissory notes - unsecured	2,903	3,560	-	-
Liabilities under trust receipts - secured	-	269	-	-
Liabilities under trust receipts - unsecured	618	428	-	-
Short-term borrowings - unsecured	62	69	-	-
Total	**3,583**	**4,326**	**-**	**-**
Current portion of debentures	22,994	14,747	22,994	14,747
Total	**22,994**	**14,747**	**22,994**	**14,747**
Current portion of long-term borrowings from financial institutions - secured	94	31	-	-
Current portion of long-term borrowings from financial institutions - unsecured	-	2,000	-	-
Total	**94**	**2,031**	**-**	**-**
Current portion of finance lease liabilities	106	118	-	-
Total	**106**	**118**	**-**	**-**
Total current	**26,777**	**21,222**	**22,994**	**14,747**
Non-current				
Debentures	117,884	140,878	117,884	140,878
Long-term borrowings from financial institutions - secured	2,010	2,250	-	-
Long-term borrowings from financial institutions - unsecured	7,000	2,000	-	-
Finance lease liabilities	592	688	-	-
Total non-current	**127,486**	**145,816**	**117,884**	**140,878**
Grand total	**154,263**	**167,038**	**140,878**	**155,625**

The periods to maturity of interest-bearing liabilities, excluding liabilities under finance leases, as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Within one year	26,671	21,104	22,994	14,747
After one year but within five years	63,605	64,881	55,351	61,786
After five years	63,289	80,247	62,533	79,092
Total	**153,565**	**166,232**	**140,878**	**155,625**

Short-term borrowings from financial institutions

Movements during the years ended 31 December 2018 and 2017 were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in million Baht)			
At 1 January		4,326	3,516	-	-
(Decreases) increases		(743)	435	-	-
Acquisition through business combination	*4*	-	379	-	-
Unrealised gain on exchange rates from translation of outstanding foreign borrowings balance to Thai Baht		-	(4)	-	-
At 31 December		**3,583**	**4,326**	**-**	**-**

Debentures

Movements during the years ended 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
At 1 January	155,625	180,159	155,625	180,159
Increases	-	25,500	-	25,500
Decreases	(14,747)	(50,034)	(14,747)	(50,034)
At 31 December	**140,878**	**155,625**	**140,878**	**155,625**

Debentures 1/2013

On 31 October 2013 the Company issued Baht 50,000 million unsubordinated and secured debentures in registered name form, which had the objective to repayment of short-term borrowings from financial institutions, divided into:

- Debentures term of 3 years of Baht 11,841 million, fully paid on 31 October 2016 and bearing interest at the fixed rate of 4.10% per annum
- Debentures term of 5 years of Baht 12,247 million, fully paid on 31 October 2018 and bearing interest at the fixed rate of 4.70% per annum
- Debentures term of 7 years of Baht 10,790 million, fully repayable on 31 October 2020 and bearing interest at the fixed rate of 5.10% per annum
- Debentures term of 10 years of Baht 15,122 million, fully repayable on 31 October 2023 and bearing interest at the fixed rate of 5.35% per annum

These series of debentures have a credit rating of "A(tha)" latest updated by Fitch Ratings (Thailand) Limited on 13 November 2018 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 31 October 2013.

Debentures 1/2014

On 27 March 2014 the Company issued Baht 40,000 million unsubordinated and secured debentures in registered name form, which had the objective to repayment of short-term borrowings from financial institutions, divided into:

- Debentures term of 3 years of Baht 3,736 million, fully paid on 27 March 2017 and bearing interest at the fixed rate of 3.70% per annum
- Debentures term of 5 years of Baht 11,066 million, fully repayable on 27 March 2019 and bearing interest at the fixed rate of 4.30% per annum
- Debentures term of 7 years of Baht 9,884 million, fully repayable on 27 March 2021 and bearing interest at the fixed rate of 4.85% per annum
- Debentures term of 10 years of Baht 15,314 million, fully repayable on 27 March 2024 and bearing interest at the fixed rate of 5.14% per annum

These series of debentures have a credit rating of "A(tha)" latest updated by Fitch Ratings (Thailand) Limited on 13 November 2018 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 27 March 2014.

Debentures 2/2014

On 22 August 2014 the Company issued Baht 40,000 million unsubordinated and secured debentures in registered name form, which had the objective to repayment of long-term borrowings from financial institutions, divided into:

- Debentures term of 3 years of Baht 6,351 million, fully paid on 22 August 2017 and bearing interest at the fixed rate of 3.71% per annum

- Debentures term of 5 years of Baht 9,478 million, fully repayable on 22 August 2019 and bearing interest at the fixed rate of 4.25% per annum (On 17 November 2017, debentures of Baht 3,451 million are early redeemed and paid.)

- Debentures term of 7 years of Baht 7,520 million, fully repayable on 22 August 2021 and bearing interest at the fixed rate of 4.75% per annum (On 17 November 2017, debentures of Baht 4,284 million are early redeemed and paid.)

- Debentures term of 10 years of Baht 16,651 million, fully repayable on 22 August 2024 and bearing interest at the fixed rate of 5.05% per annum (On 22 August 2017, debentures of Baht 6,212 million are early redeemed and paid.)

These series of debentures have a credit rating of "A(tha)" latest updated by Fitch Ratings (Thailand) Limited on 13 November 2018 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 22 August 2014.

Debentures 3/2014

On 26 December 2014 the Company issued Baht 10,000 million unsubordinated and secured debentures in registered name form, which had the objective to repayment of long-term borrowings from financial institutions, divided into:

- Debentures term of 3 years of Baht 6,000 million, fully paid on 26 December 2017 and bearing interest at the fixed rate of 3.45% per annum

- Debentures term of 12 years of Baht 4,000 million, fully repayable on 26 December 2026 and bearing interest at the fixed rate of 4.80% per annum

These series of debentures have a credit rating of "A(tha)" latest updated by Fitch Ratings (Thailand) Limited on 13 November 2018 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 26 December 2014.

Debentures 1/2015

On 20 March 2015 the Company issued Baht 20,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of long-term borrowings from financial institutions, divided into:

- Debentures term of 2 years of Baht 9,850 million, fully paid on 20 March 2017 and bearing interest at the fixed rate of 3.55% per annum

- Debentures term of 5 years of Baht 10,150 million, fully repayable on 20 March 2020 and bearing interest at the fixed rate of 4.10% per annum (On 30 November 2017, debentures of Baht 10,150 million are early redeemed and paid.)

These series of debentures have a credit rating of "A-(tha)" latest updated by Fitch Ratings (Thailand) Limited on 20 November 2017 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 20 March 2015.

Debentures 2/2015

On 30 June 2015 the Company issued Baht 13,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of long-term borrowings from financial institutions, divided into:

- Debentures term of 3 years of Baht 2,500 million, fully paid on 30 June 2018 and bearing interest at the fixed rate of 2.98% per annum
- Debentures term of 5 years of Baht 1,500 million, fully repayable on 30 June 2020 and bearing interest at the fixed rate of 3.65% per annum
- Debentures term of 7 years of Baht 3,000 million, fully repayable on 30 June 2022 and bearing interest at the fixed rate of 4.10% per annum
- Debentures term of 10 years of Baht 6,000 million, fully repayable on 30 June 2025 and bearing interest at the fixed rate of 4.45% per annum

These series of debentures have a credit rating of "A-(tha)" latest updated by Fitch Ratings (Thailand) Limited on 13 November 2018 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 30 June 2015.

Debentures 1/2016

On 18 March 2016 the Company issued Baht 7,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of borrowings, divided into:

- Debentures term of 5 years of Baht 1,382 million, fully repayable on 18 March 2021 and bearing interest at the fixed rate of 2.95% per annum
- Debentures term of 7 years of Baht 937 million, fully repayable on 18 March 2023 and bearing interest at the fixed rate of 3.40% per annum
- Debentures term of 10 years of Baht 2,074 million, fully repayable on 18 March 2026 and bearing interest at the fixed rate of 4.00% per annum
- Debentures term of 12 years of Baht 2,607 million, fully repayable on 18 March 2028 and bearing interest at the fixed rate of 4.15% per annum

These series of debentures have a credit rating of "A-(tha)" latest updated by Fitch Ratings (Thailand) Limited on 13 November 2018 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 18 March 2016.

Debentures 2/2016

On 26 August 2016 the Company issued Baht 12,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of borrowings, divided into:

- Debentures term of 3 years of Baht 5,901 million, fully repayable on 26 August 2019 and bearing interest at the fixed rate of 2.49% per annum
- Debentures term of 7 years of Baht 500 million, fully repayable on 26 August 2023 and bearing interest at the fixed rate of 3.25% per annum

- Debentures term of 10 years of Baht 748 million, fully repayable on 26 August 2026 and bearing interest at the fixed rate of 3.68% per annum

- Debentures term of 12 years of Baht 4,851 million, fully repayable on 26 August 2028 and bearing interest at the fixed rate of 4.00% per annum

These series of debentures have a credit rating of "A-(tha)" latest updated by Fitch Ratings (Thailand) Limited on 13 November 2018 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 26 August 2016.

Debentures 1/2017

On 27 March 2017 the Company issued Baht 4,500 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of borrowings. Debentures were with term of 12 years and fully repayable on 27 March 2029, which bear interest at the fixed rate of 4.70% per annum.

These debentures have a credit rating of "A-(tha)" latest updated by Fitch Ratings (Thailand) Limited on 13 November 2018 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 27 March 2017

Debentures 2/2017

On 18 August 2017 the Company issued Baht 3,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of matured debentures. Debentures were with term of 10 years and fully repayable on 18 August 2027, which bear interest at the fixed rate of 3.96% per annum.

These debentures have a credit rating of "A-(tha)" latest updated by Fitch Ratings (Thailand) Limited on 13 November 2018 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 18 August 2017

Debentures 3/2017

On 15 November 2017 and 30 November 2017 the Company issued Baht 18,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to early redemption of debentures, divided into:

- Debentures term of 5 years of Baht 9,000 million, fully repayable on 30 November 2022 and bearing interest at the fixed rate of 3.10% per annum

- Debentures term of 10 years of Baht 9,000 million, fully repayable on 15 November 2027 and bearing interest at the fixed rate of 3.50% per annum

These series of debentures have a credit rating of "A" latest updated by TRIS Ratings (Thailand) Limited on 12 December 2018 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 15 November 2017 and 30 November 2017.

The Company must comply with the specific covenants such as to maintain net debt to equity ratio in the annual consolidated financial statements through the terms of debentures, and to pledge Siam Makro Public Company Limited shares, etc.

Siam Makro Public Company Limited shares as at 31 December 2018, which were pledged in accordance with the conditions stipulated in the bond issuance, totaled 2,202 million shares. The fair value of those shares totaled Baht 70,465 million.

Long-term borrowings from financial institutions

Movement during the years ended 31 December 2018 and 2017 were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in million Baht)			
At 1 January		6,281	4,585	-	-
Increases		5,002	3,827	-	-
Decreases		(2,047)	(2,006)	-	-
Acquisition through business combination	*4*	-	32	-	-
Exchange differences on translating financial statement		(132)	(157)	-	-
At 31 December		**9,104**	**6,281**	**-**	**-**

As at 31 December 2018 the Group had unsecured long-term borrowings agreements with a local branch of a foreign financial institution and a local financial institution, and had a secured long-term borrowings agreement with a foreign financial institution. Details are as follows:

Borrowing agreement	Approved credit facilities	Interest rate *(% per annum)*	Term of payment
The first agreement	Baht 3,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in January 2021
The second agreement	Baht 2,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in September 2021
The third agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in November 2022
The fourth agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in December 2022
The fifth agreement	China Renminbi 450 million (or equivalent to approximately Baht 2,126 million)	Floating interest rate as stipulated in the agreement	Semi-annually installment due to May 2026

In this regard, certain foreign subsidiaries issued the letters of guarantee for the fifth long-term borrowing agreement. In the year 2017, the foreign subsidiary had fully drawn down the long-term borrowings.

The Group must comply with the specified covenants in each long-term borrowings agreements, such as to maintain debt to equity ratio, total debts to total assets ratio and the shareholdings of the Company in a local subsidiary as stipulated in the agreements, etc.

Finance lease liabilities

Movements during the years ended 31 December 2018 and 2017 were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in million Baht)			
At 1 January		806	846	-	-
Purchase of assets under finance leases	*39*	13	55	-	-
Acquisition through business combination	*4*	-	17	-	-
Payment for reduction of the outstanding liabilities relating to a finance lease		(184)	(181)	-	-
Finance costs under finance lease contracts	*33*	63	70	-	-
Exchange differences on translating financial statement		-	(1)	-	-
At 31 December		**698**	**806**	**-**	**-**

Details of finance lease liabilities as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements					
	2018			2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	(in million Baht)					
Within one year	159	(53)	106	180	(62)	118
After one year but within five years	475	(134)	341	515	(162)	353
After five years	313	(62)	251	419	(84)	335
Total	**947**	**(249)**	**698**	**1,114**	**(308)**	**806**

As at 31 December 2018 the Group entered into finance lease contracts. Under the terms of the contracts, the Group must comply with certain conditions as stipulated in the contracts.

Unutilised credit facilities

As at 31 December 2018 the Group had unutilised credit facilities totaling Baht 902 million and Singapore Dollar 0.5 million *(2017: Baht 902 million and Singapore Dollar 1 million)*.

20 Trade accounts payable

	Note	Consolidated financial statements 2018	Consolidated financial statements 2017	Separate financial statements 2018	Separate financial statements 2017
		(in million Baht)			
Related parties	5	7,730	7,797	7,274	7,347
Other parties		71,060	66,945	34,169	30,989
Total		**78,790**	**74,742**	**41,443**	**38,336**

21 Other payables

	Note	Consolidated financial statements 2018	Consolidated financial statements 2017	Separate financial statements 2018	Separate financial statements 2017
		(in million Baht)			
Related parties	5	**250**	**132**	**11,162**	**9,751**
Other parties					
Other payables		4,493	3,164	1,682	989
Accrued personnel expenses		2,742	2,639	1,478	1,336
Accrued royalties and other accrued expenses		2,457	2,382	828	657
Deferred royalties and other deferred income		2,147	2,012	1,291	1,148
Accrued interest expenses		1,470	1,537	1,409	1,508
Accrued utilities expenses		827	765	557	523
Accrued advertising and sale promotion expenses		417	598	284	478
Accrued rental fees		196	90	123	87
Other		868	760	399	371
		15,617	**13,947**	**8,051**	**7,097**
Total		**15,867**	**14,079**	**19,213**	**16,848**

22 Provisions for employee benefits

	Consolidated financial statements 2018	Consolidated financial statements 2017	Separate financial statements 2018	Separate financial statements 2017
	(in million Baht)			
As at 31 December				
Statement of financial position				
Provisions for:				
Defined benefit plans	3,368	2,787	1,928	1,538
Total	**3,368**	**2,787**	**1,928**	**1,538**
For the year ended 31 December				
Statement of income				
Recognised in profit or loss:				
Defined benefit plans	569	292	366	148
Total	**569**	**292**	**366**	**148**

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
For the year ended 31 December				
Statement of comprehensive income				
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	56	51	38	19
Total	**56**	**51**	**38**	**19**

The Group operates defined benefit plans which have characteristics as follows:

Pension fund benefit

Certain local subsidiaries operate a pension scheme for employees who joined before the 1st of January 2003 and choose to retain the benefits of the original scheme. Employees, upon resignation or retirement after having completed 3 years of service, shall be entitled to receive cash payment equivalent to their prevailing salary multiplied by the number of years of service, but not exceeding the equivalent of 10 months of the final salary.

Severance benefit

Under Thai Labour Protection Act B.E 2541 (1998) and the Group's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 55 and 60. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 300 days of the final salary.

Additional benefit related to provident fund

A local subsidiary operates an employee benefit scheme under which employees who are members of the subsidiary's provident fund, being a defined contribution plan, for at least 9 years are entitled to receive additional contribution from the subsidiary on their resignation or retirement from employment with the subsidiary. Employees, who are a member of the provident fund for at least 9 years, shall be entitled to receive an additional 50% of the contributions made by the subsidiary on their behalf.

The defined benefit plans expose the Group to actuarial risks, such as interest rate risk, future salary growth risk and turnover rate risk.

Movements in the present value of the defined benefit obligations are detailed as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in million Baht)			
At 1 January		2,787	2,522	1,538	1,396
Included in profit or loss:					
Current service costs		345	227	189	110
Past service costs		151	-	137	-
Interest on obligation		73	65	40	38

	Note	Consolidated financial statements 2018	Consolidated financial statements 2017	Separate financial statements 2018	Separate financial statements 2017
		(in million Baht)			
Included in other comprehensive income:					
Defined benefit plan actuarial losses		56	51	38	19
Other					
Benefits paid by the plan		(43)	(82)	(14)	(29)
Transfer (out) in provisions for employee benefits from subsidiaries and related companies		(1)	1	-	4
Acquisition through business combination	*4*	-	3	-	-
At 31 December		**3,368**	**2,787**	**1,928**	**1,538**

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognised during that period in the consolidated and the separate financial statements is estimated to increase by an amount of approximately Baht 809 million and Baht 489 million, respectively.

Actuarial losses recognised in other comprehensive income arising from:

	Consolidated financial statements 2018	Consolidated financial statements 2017	Separate financial statements 2018	Separate financial statements 2017
	(in million Baht)			
Demographic assumptions and financial assumptions	(189)	(61)	(133)	(35)
Experience adjustments	245	112	171	54
Total	**56**	**51**	**38**	**19**

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	Consolidated financial statements 2018	Consolidated financial statements 2017	Separate financial statements 2018	Separate financial statements 2017
		(%)		
Discount rate	2.80 - 3.40	2.60 - 3.09	2.90	3.09
Retirement age (year)	55 and 60	55 and 60	55 and 60	55 and 60
Future salary growth	4.0 - 7.0	4.0 - 10.0	5.0 - 5.5	6.0 - 10.0
Turnover rate	1.0 - 50.0	1.0 - 50.0	1.0 - 20.0	1.0 - 20.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2018, the weighted-average duration of the defined benefit obligations were 8 to 15 years *(2017: 10 to 17 years)*.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	(in million Baht)			
At 31 December 2018				
Discount rate (1% movement)	(250)	289	(146)	170
Future salary growth (1% movement)	264	(234)	161	(142)
Turnover rate (1% movement)	(251)	271	(158)	182
At 31 December 2017				
Discount rate (1% movement)	(242)	282	(141)	165
Future salary growth (1% movement)	260	(229)	158	(138)
Turnover rate (1% movement)	(228)	248	(142)	165

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

23 Accrued guarantee deposits

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Guarantee deposits payable to franchisees	3,690	3,560	3,634	3,458
Other accrued guarantee deposits	26	33	-	-
Total	**3,716**	**3,593**	**3,634**	**3,458**

24 Share capital

		Consolidated financial statements/ Separate financial statements			
		2018		2017	
	Par value per share (in Baht)	Number of shares	Baht	Number of shares	Baht
			(in million)		
Authorised					
At 1 January					
- ordinary shares	1	8,986	8,986	8,986	8,986
At 31 December					
- ordinary shares	1	**8,986**	**8,986**	**8,986**	**8,986**
Issued and paid-up					
At 1 January					
- ordinary shares	1	8,983	8,983	8,983	8,983
At 31 December					
- ordinary shares	1	**8,983**	**8,983**	**8,983**	**8,983**

Share premium

Section 51 of the Public Limited Company Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

25 Reserves

Reserves comprise:

Surplus (Deficit) from changes in ownership interest in subsidiary

Surplus (Deficit) from changes in ownership interest in subsidiary recognised in equity relate to difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid.

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Limited Company Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Legal reserve as at 31 December 2018 and 2017 was higher than 10% of the registered authorised capital.

Other components of equity

Exchange differences on translating financial statement

The exchange differences on translating financial statement recognised in equity relate to foreign exchange differences arising from translation of the financial statements of foreign entities to Thai Baht.

26 Subordinated perpetual debentures

On 30 November 2016 and 22 August 2017 the Company issued unsecured, unconvertible and subordinated perpetual debentures in registered name form ("Debentures") of Baht 10,000 million (debentures no. 1/2016) and Baht 10,000 million (debentures no. 1/2017), respectively, which are payable upon dissolution of the Company or upon the exercise of the Company's early redemption right per condition as stipulated in the terms and conditions of debentures. These debentures bear interest which is calculated based on 5-year government bond yield adjusted with initial credit spread and coupon rate as stipulated in the terms and conditions of the debentures and is paid on a semi-annual basis. In this regard, the Company has the sole right to unconditionally defer interest and cumulative interest payments without time and number limitation based on the Company's discretion.

If the Company defers interest and cumulative interest payment, the Company shall not perform as follows:

(a) declare or pay any dividend; and

(b) pay any interest or distribute any assets to any holder of Parity Securities or Junior Securities; and

(c) redeem, reduce, cancel, acquire, or buy-back any securities issued by the Company which rank pari passu or junior to these debentures.

These Debentures of totalling Baht 19,909 million, net of issuance cost of Baht 91 million, were recognised as a part of equity in the consolidated and separate financial statements for the year ended 31 December 2018 (consisted of debentures no. 1/2016 of Baht 9,953 million, net of issuance cost of Baht 47 million and debentures no. 1/2017 of Baht 9,956 million, net of issuance cost of Baht 44 million).

As at 31 December 2018, the company has not deferred any interest payments to the subordinated perpetual debentures holders. Cumulative interest for the year ended 31 December 2018 which the debentures holders have the right to receive if the interest payment was announced amounting to Baht 1,000 million *(2017: Baht 681 million)*. During the year of 2018, the Company paid interest expenses on subordinated perpetual debentures to the holders of Baht 1,000 million *(2017: Baht 500 million)*.

27 Segment information

The Group has 3 reportable segments which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Chief Operating Decision Maker ("CODM") reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1: Convenience stores
Segment 2: Cash and carry
Segment 3: Other

Other operations include bill payment services, frozen food plant and bakery, and distributor of retailing equipment and educational institutions. None of these segments meets the quantitative thresholds for determining reportable segments in 2018 and 2017.

The Group is managed and operates principally (more than 99%) in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax expense, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before income tax expense is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Revenue and results, based on segments, in the consolidated financial statements for the years ended 31 December 2018 and 2017 were as follows:

	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
					(in million Baht)					
Revenue from sale of goods and rendering of services	308,843	278,751	191,997	185,804	39,607	34,989	(31,895)	(28,475)	508,552	471,069
Interest income	411	363	32	14	81	78	(244)	(216)	280	239
Dividend income	6,521	5,473	-	-	94	50	(6,615)	(5,523)	-	-
Net foreign exchange gain	-	-	41	48	51	10	(52)	(58)	40	-
Gain on sale of investment in subsidiary	907	-	-	-	-	-	(907)	-	-	-
Other income	18,850	17,997	862	891	1,052	736	(1,776)	(1,529)	18,988	18,095
Total revenues	**335,532**	**302,584**	**192,932**	**186,757**	**40,885**	**35,863**	**(41,489)**	**(35,801)**	**527,860**	**489,403**
Cost of sale of goods and rendering of services	223,146	200,516	169,639	164,352	30,230	26,317	(27,698)	(25,183)	395,317	366,002
Distribution costs	71,667	65,297	12,159	11,124	3,146	2,809	(2,486)	(1,930)	84,486	77,300
Administrative expenses	12,032	10,946	3,713	3,662	3,637	3,188	(3,673)	(3,194)	15,709	14,602
Net foreign exchange loss	-	-	3	-	49	58	(52)	(57)	-	1
Finance costs	6,763	7,644	336	348	269	179	(172)	(179)	7,196	7,992
Total expenses	**313,608**	**284,403**	**185,850**	**179,486**	**37,331**	**32,551**	**(34,081)**	**(30,543)**	**502,708**	**465,897**
Segment profit before income tax expense	**21,924**	**18,181**	**7,082**	**7,271**	**3,554**	**3,312**	**(7,408)**	**(5,258)**	**25,152**	**23,506**

Details of assets and liabilities, based on segments, in the consolidated financial statements as at 31 December 2018 and 2017 were as follows:

	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
					(in million Baht)					
Investment properties	-	-	333	333	-	-	-	-	333	333
Property, plant and equipment	30,984	28,294	59,411	59,333	21,170	19,001	(278)	(234)	111,287	106,394
Goodwill	-	-	127,959	128,191	137	137	-	-	128,096	128,328
Leasehold rights	396	351	2,788	2,727	923	997	-	-	4,107	4,075
Other intangible assets	1,394	1,330	48,628	48,477	1,560	1,592	(147)	(150)	51,435	51,249
Other assets	247,594	249,735	23,808	21,217	26,545	24,454	(219,463)	(225,486)	78,484	69,920
Segment assets as at 31 December	**280,368**	**279,710**	**262,927**	**260,278**	**50,335**	**46,181**	**(219,888)**	**(225,870)**	**373,742**	**360,299**
Segment liabilities as at 31 December	**208,348**	**216,722**	**57,809**	**56,043**	**28,813**	**25,102**	**(21,047)**	**(17,797)**	**273,923**	**280,070**

28 Other income

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Sale promotion income	10,630	9,905	10,538	9,840
Income on royalties and other fees relating to licenses income	2,085	2,132	2,085	2,132
Other	6,273	6,058	6,227	6,025
Total	**18,988**	**18,095**	**18,850**	**17,997**

29 Distribution costs

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Convenience store management fees	19,341	17,632	19,341	17,632
Employee benefit expenses	18,015	15,779	13,624	11,781
Advertising and sale promotion expenses	12,776	11,837	11,613	10,815
Utilities expenses	7,769	7,031	6,331	5,720
Depreciation and amortisation	7,195	6,874	4,870	4,610
Rental fees	7,630	6,729	6,916	6,211
Other	11,760	11,418	8,972	8,529
Total	**84,486**	**77,300**	**71,667**	**65,298**

30 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Employee benefit expenses	9,877	9,258	7,262	6,653
Depreciation and amortisation	1,415	1,183	680	591
Rental fees	1,242	1,115	1,063	954
Utilities expenses	295	267	168	151
Other	2,880	2,779	2,859	2,597
Total	**15,709**	**14,602**	**12,032**	**10,946**

31 Employee benefit expenses

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in million Baht)			
Salaries, wages and bonus		31,447	28,445	20,444	18,124
Staff welfares		899	833	373	351
Contribution to social security fund		717	663	478	438
Defined benefit plans	*22*	569	292	366	148
Contribution to provident fund		282	252	153	140
Training expenses		123	123	1,422	1,340
Other		153	136	47	43
Total		**34,190**	**30,744**	**23,283**	**20,584**

The Company and its local subsidiaries have established a contributory registered provident fund to which the Company and subsidiaries each contribute monthly at the rates ranging from 2% to 3% of the employees' basic salaries, and employees each contribute monthly at the rates ranging from 2% to 15% of the employees' basic salaries. The Company's and the subsidiaries' contributions to the provident fund are recorded as expenses in the statement of income as incurred. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

32 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature are as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in million Baht)			
Changes in inventories of finished goods and work in progress		(1,846)	(576)	(502)	(922)
Purchase of finished goods		371,879	343,045	216,488	193,291
Raw materials and consumables used		8,585	7,958	-	-
Depreciation	*14*	9,507	8,744	5,704	5,350
Amortisation - leasehold rights		299	281	107	110
Amortisation - other intangible assets	*16*	638	533	227	183
Employee benefit expenses	*31*	34,190	30,744	23,283	20,584
Convenience store management fees		19,341	17,632	19,341	17,632
Advertising and sale promotion expenses		12,781	13,331	11,636	12,328
Utilities expenses		8,722	7,880	6,616	5,981
Rental fees		9,067	8,023	8,062	7,238
Other		22,349	20,309	15,883	14,985
Total cost of sales of goods and rendering of services, distribution costs and administrative expenses		**495,512**	**457,904**	**306,845**	**276,760**

33 Finance costs

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Finance costs paid to:				
Financial institutions	7,133	7,923	6,763	7,644
Other parties under finance lease	63	70	-	-
Total	**7,196**	**7,993**	**6,763**	**7,644**

34 Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in million Baht)			
Current tax					
Current year		4,103	3,656	2,004	1,590
Under (over) provided in prior years		26	(25)	-	-
		4,129	**3,631**	**2,004**	**1,590**
Deferred income tax					
Movements in temporary differences	*17*	(160)	(144)	(24)	(27)
		(160)	**(144)**	**(24)**	**(27)**
Total		**3,969**	**3,487**	**1,980**	**1,563**

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	2018			2017		
	Before tax	Tax income	Net of tax	Before tax	Tax income	Net of tax
	(in million Baht)					
Losses on remeasurements of defined benefit plans	56	(9)	47	51	(10)	41
Total	**56**	**(9)**	**47**	**51**	**(10)**	**41**

	Separate financial statements					
	2018			2017		
	Before tax	Tax income	Net of tax	Before tax	Tax income	Net of tax
	(in million Baht)					
Losses on remeasurements of defined benefit plans	38	(7)	31	19	(4)	15
Total	**38**	**(7)**	**31**	**19**	**(4)**	**15**

Reconciliation of effective tax rate

Applicable tax rate *(%)*	Consolidated financial statements			
	0%	20%	Other	Total
		(in million Baht)		
2018				
Accounting profit (loss) before income tax Expense	392	25,347	(587)	25,152
Income tax at the applicable tax rates	-	5,069	15	5,084
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	-	(1,137)	(4)	(1,141)
Under (over) provided in prior years	-	27	(1)	26
Net	**-**	**3,959**	**10**	**3,969**
2017				
Accounting profit (loss) before income tax Expense	242	23,501	(237)	23,506
Income tax at the applicable tax rates	-	4,700	14	4,714
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	-	(1,206)	4	(1,202)
Over provided in prior years	-	(24)	(1)	(25)
Net	**-**	**3,470**	**17**	**3,487**

Applicable tax rate *(%)*	Separate financial statements	
	20%	20%
	2018	2017
	(in million Baht)	
Accounting profit before income tax expense	21,924	18,181
Income tax at the applicable tax rates	4,385	3,636
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	(2,405)	(2,073)
Net	**1,980**	**1,563**

35 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, a local subsidiary has been granted privileges by the Board of Investment relating to the production of ready-to-serve foods or semi ready-to-serve foods, bakery, and chill. The privileges granted include:

(a) an exemption from payment of import duty on machinery approved by the Board of Investment;

(b) an exemption from payment of corporate income tax on net profit of the promoted business for certain periods and conditions as stipulated in the promotional certificates;

(c) an exemption from payment of import duty on necessary raw materials and supplies to be used in the production for export sales for a period of 1 year from the first import date;

(d) an exemption from the payment of import duty on imported goods with the re-export condition for a period of 1 year from the first import date;

(e) an exemption to include the dividend income from the promoted business in the computation of corporate income tax throughout the period the Company being granted exemption; and

(f) a permission to deduct 25% of installation costs or construction costs of assets necessary for the Company's operation besides a deduction of their normal depreciation.

Revenue from sale of goods under the promoted business of the subsidiary for the years ended 31 December 2018 and 2017 were as follows:

	Consolidated financial statements	
	2018	2017
	(in million Baht)	
Export sales	-	-
Domestic sales	7,166	5,977
Total	**7,166**	**5,977**

As a promoted company, the subsidiary must comply with certain terms and conditions prescribed in the promotional certificates.

36 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to equity holders of the Company less cumulative interest for the years on subordinated perpetual debentures and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht/million shares)			
Profit for the year attributable to equity holders of the Company	20,930	19,908	19,944	16,618
Less: cumulative interest for the year on subordinated perpetual debentures	(1,000)	(681)	(1,000)	(681)
Profit used in calculation of basic earnings per share	**19,930**	**19,227**	**18,944**	**15,937**
Number of ordinary shares outstanding during the year	**8,983**	**8,983**	**8,983**	**8,983**
Basic earnings per share *(in Baht)*	**2.22**	**2.14**	**2.11**	**1.77**

37 Dividends

At the annual general meeting of the shareholders of the Company held on 20 April 2018, the Company's shareholders approved the appropriation of 2017 annual dividends of Baht 1.10 per share for 8,983,101,348 ordinary shares, totaling Baht 9,881 million, from the profit attributable to equity holders of the Company for the year 2017. The dividends were paid to the Company's shareholders on 18 May 2018.

At the annual general meeting of the shareholders of the Company held on 20 April 2017, the Company's shareholders approved the appropriation of 2016 annual dividends of Baht 1.00 per share for 8,983,101,348 ordinary shares, totaling Baht 8,983 million, from the profit attributable to equity holders of the Company for the year 2016. The dividends were paid to the Company's shareholders on 18 May 2017.

38 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns to the Company's shareholders and benefits to other stakeholders. The management sets strategies to support the Company's operations for more efficiency, and better performances and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group's exposure to change in interest rate relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group manages the interest rate risk of financial assets and financial liabilities by considering fixed and floating rates depend on the market situation.

The interest rates of financial assets as at 31 December 2018 and 2017 and the periods in which the financial assets mature or re-price were as follows:

		Consolidated financial statements			
	Interest rate per annum (%)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
			(in million Baht)		
2018					
Current					
- Time deposits	1.65 - 3.12	97	-	-	97
- Debt securities	1.50 - 1.70	1,370	-	-	1,370
Total		**1,467**	**-**	**-**	**1,467**
2017					
Current					
- Time deposits	1.50 - 3.80	15	-	-	15
- Debt securities	1.25 - 1.60	1,370	-	-	1,370
Total		**1,385**	**-**	**-**	**1,385**

		Separate financial statements			
	Interest rate per annum (%)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
			(in million Baht)		
2018					
Current					
Short-term loans to subsidiaries	4.75	5,850	-	-	5,850
Total		**5,850**	**-**	**-**	**5,850**
2017					
Current					
Short-term loans to subsidiaries	4.75	4,700	-	-	4,700
Total		**4,700**	**-**	**-**	**4,700**

The interest rates of interest-bearing liabilities as at 31 December 2018 and 2017 and the periods in which interest-bearing liabilities mature or re-price were as follows:

		Consolidated financial statements			
	Interest rate per annum (%)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
			(in million Baht)		
2018					
Current					
- Promissory notes	Market rate	2,903	-	-	2,903
- Liabilities under trust Receipts	Market rate	618	-	-	618
- Short-term borrowings from financial institutions	Market rate	62	-	-	62

	Consolidated financial statements				
	Interest rate per annum (%)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
			(in million Baht)		
2018					
Current (Continued)					
- Current portion of debentures	2.49 - 4.30	22,994	-	-	22,994
- Current portion of long-term borrowings from financial Institutions	Interest rate as stipulated on agreement	94	-	-	94
- Current portion of finance lease liabilities	9.00	106	-	-	106
Total		**26,777**	**-**	**-**	**26,777**
Non-current					
- Debentures	2.95 - 5.35	-	55,351	62,533	117,884
- Long-term borrowings from financial institutions	Interest rate as stipulated on agreement	-	8,254	756	9,010
- Finance lease liabilities	9.00	-	341	251	592
- Guarantee deposits payable to franchisees	1.25 - 1.50	-	56	3,634	3,690
Total		**-**	**64,002**	**67,174**	**131,176**
2017					
Current					
- Promissory notes	Market rate	3,560	-	-	3,560
- Liabilities under trust receipts	Market rate	697	-	-	697
- Short-term borrowings from financial institutions	Market rate	69	-	-	69
- Current portion of debentures	2.98 - 4.70	14,747	-	-	14,747
- Current portion of long-term borrowings from financial institutions	Interest rate as stipulated on agreement	2,031	-	-	2,031
- Current portion of finance lease liabilities	9.00	118	-	-	118
Total		**21,222**	**-**	**-**	**21,222**
Non-current					
- Debentures	2.49 - 5.35	-	61,786	79,092	140,878
- Long-term borrowings from financial institutions	Interest rate as stipulated on agreement	-	3,095	1,155	4,250
- Finance lease liabilities	9.00	-	353	335	688
- Guarantee deposits payable to franchisees	1.25 - 1.50	-	67	3,458	3,525
Total		**-**	**65,301**	**84,040**	**149,341**

	Interest rate per annum (%)	Separate financial statements: Within 1 year	After 1 year but within 5 years	After 5 years	Total
			(in million Baht)		
2018					
Current					
- Current portion of debentures	2.49 - 4.30	22,994	-	-	22,994
Total		**22,994**	**-**	**-**	**22,994**
Non-current					
- Debentures	2.95 - 5.35	-	55,351	62,533	117,884
- Guarantee deposits payable to franchisees	1.25	-	-	3,634	3,634
Total		**-**	**55,351**	**66,167**	**121,518**
2017					
Current					
- Current portion of debentures	2.98 - 4.70	14,747	-	-	14,747
Total		**14,747**	**-**	**-**	**14,747**
Non-current					
- Debentures	2.49 - 5.35	-	61,786	79,092	140,878
- Guarantee deposits payable to franchisees	1.25 - 1.38	-	-	3,458	3,458
Total		**-**	**61,786**	**82,550**	**144,336**

Foreign currency risk

The Group is exposed to foreign currency risk relating to borrowings from financial institutions, purchases and sales of goods which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales of goods, denominated in foreign currencies, for the subsequent period.

At 31 December 2018 and 2017 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Foreign currency	Consolidated financial statements 2018	Consolidated financial statements 2017	Separate financial statements 2018	Separate financial statements 2017
			(in million Baht)		
Cash and cash equivalents					
Foreign currency	China Renminbi	1,642	2,240	-	-
	Indian Rupee	321	125	-	-
	United States Dollar	272	677	-	-
	Cambodia Riel	71	8	-	-
	United Arab Emirates Dirham	65	69	-	-
	Singapore Dollar	48	52	-	-
	Hong Kong Dollar	39	70	-	-
	Vietnamese Dong	11	3	-	-

		Consolidated financial statements		Separate financial statements	
	Foreign currency	2018	2017	2018	2017
			(in million Baht)		
Cash and cash equivalents *(Continued)*					
Foreign currency	Myanmar Kyat	1	-	-	-
	Australian Dollar	-	2	-	-
	Euro	-	1	-	-
Current investments					
Foreign currency	China Renminbi	75	3	-	-
	United States Dollar	20	8	-	-
	Indian Rupee	-	3	-	-
Trade accounts receivable and other receivables					
Foreign currency	Singapore Dollar	261	261	-	-
	United States Dollar	240	102	-	-
	China Renminbi	399	423	-	-
	Indian Rupee	161	17	-	-
	United Arab Emirates Dirham	139	132	-	-
	Hong Kong Dollar	64	56	-	-
	Vietnamese Dong	51	46	-	-
	Swiss Franc	12	13	-	-
	Australian Dollar	6	5	-	-
	Euro	1	5	-	-
	Myanmar Kyat	1	-	-	-
Forward currency contracts - to buy and sell	United States Dollar	14	7	-	-
	Swiss Franc	12	18	-	-
Other current assets					
Foreign currency	China Renminbi	48	111	-	-
	Hong Kong Dollar	7	4	-	-
	United States Dollar	6	-	-	-
	Singapore Dollar	5	5	-	-
	United Arab Emirates Dirham	3	3	-	-
	Indian Rupee	2	3	-	-
Other non-current assets					
Foreign currency	Indian Rupee	29	3	-	-
	Vietnamese Dong	1	1	-	-
	China Renminbi	1	-	-	-
	United States Dollar	-	7	-	-

	Foreign currency	Consolidated financial statements 2018	Consolidated financial statements 2017	Separate financial statements 2018	Separate financial statements 2017
		(in million Baht)			
Short-term borrowings from financial institutions					
Foreign currency	Singapore Dollar	253	269	-	-
	Myanmar Kyat	58	-	-	-
	Euro	4	-	-	-
	Vietnamese Dong	-	48	-	-
	United States Dollar	-	21	-	-
Trade accounts payable and other payables					
Foreign currency	United States Dollar	1,063	1,231	-	-
	China Renminbi	692	729	-	-
	Indian Rupee	273	30	-	-
	Yen	121	30	-	-
	Euro	111	144	-	-
	Singapore Dollar	108	96	-	-
	United Arab Emirates Dirham	72	100	-	-
	Australian Dollar	45	87	-	-
	Pound Sterling	27	21	-	-
	Vietnamese Dong	11	6	-	-
	Hong Kong Dollar	9	26	-	-
Forward currency contracts – to buy and sell	United States Dollar	762	447	-	-
	Yen	346	110	-	-
	Euro	37	38	-	-
	Australian Dollar	34	3	-	-
	Pound Sterling	8	-	-	-
	China Renminbi	5	-	-	-
Current portion of long-term borrowings from financial institutions					
Foreign currency	China Renminbi	94	25	-	-
	Singapore Dollar	-	6	-	-
Other current liabilities					
Foreign currency	United States Dollar	22	12	-	-
Long-term borrowings from financial institutions					
Foreign currency	China Renminbi	2,008	2,231	-	-
	Indian Rupee	2	-	-	-
	Singapore Dollar	-	19	-	-
Other non-current liabilities					
Foreign currency	Indian Rupee	35	3	-	-
	Singapore Dollar	-	232	-	-
	China Renminbi	-	50	-	-

Credit risk

Credit risk is the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Consolidated financial statements				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
			(in million Baht)		
31 December 2018					
Financial liabilities not measured at fair value					
Current					
Debentures	22,994	-	23,166	-	23,166
Long-term borrowings from financial institutions	94	-	94	-	94
Finance lease liabilities	106	-	154	-	154
Non-current					
Debentures	117,884	-	125,097	-	125,097
Long-term borrowings from financial institutions	9,010	-	9,028	-	9,028
Finance lease liabilities	592	-	667	-	667
Accrued guarantee deposits	3,716	-	3,083	-	3,083

	Consolidated financial statements				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
			(in million Baht)		
31 December 2017					
Financial liabilities measured at fair value					
Contingent consideration	232	-	-	232	232
Financial liabilities not measured at fair value					
Current					
Debentures	14,747	-	15,075	-	15,075
Long-term borrowings from financial institutions	2,031	-	2,051	-	2,051
Finance lease liabilities	118	-	175	-	175
Non-current					
Debentures	140,878	-	149,915	-	149,915
Long-term borrowings from financial institutions	4,250	-	4,284	-	4,284
Finance lease liabilities	688	-	795	-	795
Accrued guarantee deposits	3,593	-	3,103	-	3,103

	Separate financial statements				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
			(in million Baht)		
31 December 2018					
Financial liabilities not measured at fair value					
Current					
Debentures	22,994	-	23,166	-	23,166
Non-current					
Debentures	117,884	-	125,097	-	125,097
Accrued guarantee deposits	3,634	-	3,001	-	3,001
31 December 2017					
Financial liabilities not measured at fair value					
Current					
Debentures	14,747	-	15,075	-	15,075
Non-current					
Debentures	140,878	-	149,915	-	149,915
Accrued guarantee deposits	3,458	-	2,968	-	2,968

As at 31 December 2018 and 2017 the Group had total forward currency contracts as follow:

	Foreign currency	Consolidated financial statement 2018	2017
		(in million)	
Forward currency contracts - to buy	Yen	1,166.1	377.3
	United States Dollar	23.5	13.6
	Australian Dollar	1.5	0.1
	China Renminbi	1.1	-
	Euro	1.0	1.0
	Pound Sterling	0.2	-
Forward currency contracts - to sell	Swiss Franc	0.4	0.5
	United States Dollar	0.4	0.2

As at 31 December 2018 the fair value of forward currency contracts - to buy and forward currency contracts - to sell amounting to Baht 1,191 million and Baht 27 million, respectively. *(2017: Baht 595 million and Baht 25 million, respectively)*.

Financial instruments not measured at fair value

Fair value for trade debentures have been determined based on quoted selling price from the Thai Bond Market Association at the close of the business on the reporting date.

Fair value of forward currency contracts are derived from financial institutions as at the reporting date which calculated from financial models with reference to market input parameter.

Fair value for finance lease liabilities, long-term borrowings from financial institutions and accrued guarantee deposits were calculated by using discounted cash flow method.

39 Supplemental disclosures of cash flows information

Property, plant and equipment and other intangible assets paid by cash during the years ended 31 December 2018 and 2017 are detailed as follows:

Property, plant and equipment

	Note	Consolidated financial statements 2018	2017	Separate financial statements 2018	2017
			(in million Baht)		
Increases during the year	*14*	15,160	16,079	8,688	8,193
Less - changes in payables		(713)	(48)	(494)	(163)
- assets under finance leases		(13)	(55)	-	-
Purchase and paid by cash		**14,434**	**15,976**	**8,194**	**8,030**

Other intangible assets

	Note	Consolidated financial statements 2018	2017	Separate financial statements 2018	2017
			(in million Baht)		
Increases during the year	*16*	883	1,054	292	452
Add (less) - changes in payables		60	6	(12)	(1)
Purchase and paid by cash		**943**	**1,060**	**280**	**451**

40 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Contracted but not provided for (construction cost of new plants and installation cost of machinery, and computer system development costs)	524	1,233	-	-
Total	**524**	**1,233**	**-**	**-**

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Within one year	6,908	6,472	6,059	5,911
After one year but within five years	10,380	9,336	7,579	7,438
After five years	13,819	8,241	2,813	2,667
Total	**31,107**	**24,049**	**16,451**	**16,016**

The Group has lease agreements covering lease of land, buildings, vehicles and other assets for periods of 1 to 50 years, which will expire between 2019 and 2068.

Other commitments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Unused letters of credit for purchase of goods and supplies	496	255	-	-
Total	**496**	**255**	**-**	**-**

Letters of guarantee

As at 31 December 2018 the Group has commitments under letters of guarantee with financial institutions, principally guarantee for utilities, rental agreements and others totaling Baht 1,974 million and United States Dollars 0.3 million *(2017: Baht 1,938 million and United States Dollars 0.3 million)*.

Significant agreements

As at 31 December 2018 the Group had the following significant agreements:

(a) The Company has an area license agreement with 7-Eleven, Inc., which was incorporated in the United States of America, to acquire a license to use the systems and trademarks of 7-Eleven, Inc. in connection with the operations of 7-Eleven convenience stores or franchising of such operations to other retailers in Thailand. The Company has also obtained certain services from 7-Eleven, Inc. in relation to training and technical assistance. In consideration thereof, the Company is committed to pay royalties to 7-Eleven, Inc. calculated as percentages of total sales of the 7-Eleven convenience stores that are operating in Thailand.

(b) The Company has management agreements with local companies for their management of the Company-owned 7-Eleven convenience stores. Under the terms of the agreements, the Company is committed to pay management fees to those licensees calculated as percentages of gross operating profits of these convenience stores. The Company is entitled to receive the initial payments and royalties from those licensees in connection with the licenses granted for operating these 7-Eleven convenience stores. These initial payments and royalties are not refundable to the licensees in any case. The initial payments include deposits to guarantee the licensees' compliance with the agreements and any damage and/or liability that might be caused by the licensees. In consideration thereof, the Company pays interest on the deposits calculated at the time deposit rates announced by a local financial institution. These deposits will be refunded to the licensees upon termination of the agreements.

(c) The Company has sub-area license agreements for operating 7-Eleven convenience stores and franchising such operations to other retailers ("licensees"). Under the terms of the agreements, the Company will provide certain technical assistance and related services to the sub-area licensees. In consideration thereof, the Company is entitled to receive royalties from the sub-area licensees as percentages of total sales of the 7-Eleven convenience stores operating in the licensed areas.

(d) A local subsidiary (Gosoft (Thailand) Co., Ltd.) has service agreements with local companies ("the parties"), whereby the latter parties provide the installation and development of systems as stipulated in the agreements. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are effective for a period of 3 months, and will expire on various dates until January 2019.

(e) A local subsidiary (Counter Service Co., Ltd.) has service agreements with government entities and state enterprises (e.g., utilities, telephone expenses, etc.), and other local companies (e.g., hire purchase, life insurance premium, etc.) ("the parties"). Under the terms of the agreements, the subsidiary is committed to operate payment centers to collect customer payments on behalf of the parties then remits funds to the parties as the agreed procedures. The subsidiary can collect service income from customers or local companies as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to May 2023. If either of the parties has an intention to terminate the agreement, a written notification must be made to the other party at least the number of day stipulated in the agreement before the expiry date of the agreement.

(f) A local subsidiary (Counter Service Co., Ltd.) has service agreements with individuals and local companies ("the parties"), whereby the latter parties are appointed as agents of the subsidiary for receipts of customers' bills as specified in the agreements. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to June 2021. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.

(g) A local subsidiary (CP Retailink Co., Ltd.) has repair and maintenance management service agreements with local companies ("the parties"), whereby the latter parties agree to install and repair and maintenance of computer equipment and software, utility systems, electric appliances and other equipment used for operations in retail stores. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are for a period of 1 year and are renewable for additional periods of 1 year. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.

41 Contingent liability

As at 31 December 2018 the Company was contingently liable to a legal case with a fund ("the plaintiff"), in which the Company was a defendant in a lawsuit involving the compliance with Tender Offer Rule. The court of first instance rendered a judgement on 24 February 2015 and ruled the Company to pay the claimed damages amounting to Baht 104.7 million plus interest at the rate of 7.5% per annum starting from 2 August 2013 up to when the settlement of claimed damages will be completed. Consequently on 19 June 2015 the Company appealed the court's judgement; and on 16 November 2015 the plaintiff filed against an appeal to the court.

On 13 July 2016 the civil court read the appeal court's judgement on the legal case. The appeal court dismissed the claim citing to the Company did not commit a wrongful act against the plaintiff. Therefore, the Company does not have a liability to pay the claimed damages in accordance to the first instance court's judgement.

On 14 November 2016 the Company and the plaintiff filed their own petitions with the Supreme Court. The court accepted the plaintiff's petition on 21 April 2017 and the Company's petition on 26 May 2017.

Subsequently on 6 February 2019 the civil court read the Supreme court's judgement on the legal case. The Supreme court agreed with the appeal court's judgement and dismissed the claim. Therefore, the Company does not have a liability to pay the claimed damages in accordance to the Supreme court's judgement, and this legal case was considered to be a final judgement.

42 Events after the reporting period

42.1 In January 2019 the Company acquired ordinary shares of Thai Smart Card Co., Ltd., a local subsidiary, from two shareholders totaling 26,400,600 shares (equal to 16.50% of the subsidiary's total issued and paid-up shares) at the price of Baht 18 per share, totaling Baht 475 million which consisted of acquisitions from a local related company totaling 25,215,600 shares (equal to 15.76% of the subsidiary's total issued and paid-up shares) and from other company totaling 1,185,000 shares (equal to 0.74% of the subsidiary's total issued and paid-up shares). As a result of these acquisitions, the Company holds 89.14% of the subsidiary's total issued and paid-up ordinary shares (before the transaction, the Company holds 72.64% of the subsidiary's total issues and paid-up shares).

42.2 On 18 January 2019 the Company issued Baht 15,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of matured debentures and/or for working capital, divided into:

- Debentures term of 3 years of Baht 5,000 million, fully repayable on 18 January 2022 and bearing interest at the fixed rate of 2.86% per annum
- Debentures term of 8 years of Baht 2,466 million, fully repayable on 18 January 2027 and bearing interest at the fixed rate of 3.95% per annum
- Debentures term of 10 years of Baht 1,920 million, fully repayable on 18 January 2029 and bearing interest at the fixed rate of 4.12% per annum
- Debentures term of 12 years of Baht 5,614 million, fully repayable on 18 January 2031 and bearing interest at the fixed rate of 4.40% per annum

These series of debentures have a credit rating of "A" updated by TRIS Ratings (Thailand) Limited on 12 December 2018 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 18 January 2019.

42.3 At the Board of Directors' meeting of the Company held on 21 February 2019, the Company's Board of Directors approved to propose to the annual general shareholders' meeting of the Company for approval to declare the dividends from the profit for the equity holders of the Company for the year 2018 of Baht 1.20 per share for 8,983 million ordinary shares, totaling Baht 10,780 million. The declaration of dividend payment must be approved by the shareholders' meeting of the Company.

42.4 In December 2018 a foreign subsidiary (Makro (Guangzhou) Food Company Limited ("MGZ")) called for additional paid-up share capital of China Renminbi 25 million, paid-up share capital totaling China Renminbi 50 million. The additional paid-up share capital was completed in January 2019.

42.5 At the Board of Directors' meeting of a local subsidiary (Siam Makro Public Company Limited ("Siam Makro")) held on 20 February 2019, the subsidiary's Board of Directors approved to propose to the annual general shareholders' meeting of the Company for approval to declare the dividends from the profit for the equity holders of the Company for the year 2018 of Baht 0.56 per share for 4,800 million ordinary shares, totaling Baht 2,688 million. The declaration of dividend payment must be approved by the shareholders' meeting of the subsidiary.

43 Thai Financial Reporting Standards not yet adopted

A number of new and revised Thai Financial Reporting Standards ("TFRS") which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

** TFRS - Financial instruments standards*

The Group has not early adopted these TFRS in the preparation of financial statements.

TFRS 15 Revenue from Contracts with Customers

(1) Sales of goods

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled, including:

1.1) Sale of goods with right of return

For certain contracts that permit the customer to return an item, no revenue is recognised if there is probable return of goods. Under TFRS 15, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Group is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. Liabilities arising from the return and another assets used in exchange in these contracts will be recognised and presented separately in the statement of financial position.

1.2) Sale of goods with loyalty programme

For the loyalty programme operated by the Group, revenue is currently allocated between the loyalty programme and the products by reference to the fair value of the right to purchase products at a discount or fair value of the free gift. Under TFRS 15, consideration will be allocated between the loyalty programme and the products based on their relative stand-alone selling prices. As a consequence, a lower proportion of the consideration will be allocated to the loyalty programme, and therefore less revenue is likely to be deferred.

(2) Rendering of services

Under TFRS 15, the total consideration in the service contracts will be allocated to all services based on each stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.

Management assessed that there was no material impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements.

TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting principles for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the consolidated and separate financial statements.

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